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Monday, 19 October 1992
at 10 a.m.
New York

SUMMARY RECORD OF THE 9th MEETING

Chairman: Mr. DINU (Romania)

Chairman of the Advisory Committee on Administrative and
Budgetary Questions: Mr. MSELLE

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* Items considered together.

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The meeting was called to order at 10.25 a.m.

AGENDA ITEM 110: PATTERN OF CONFERENCES (continued) (A/47/7/Add.1, A/47/32, A/47/287, A/47/336; A/C.5/47/1)

1. Mr. TANG Guangting (China) said that meetings and conferences were an important means for States Members to discuss important international issues with the aim of safeguarding peace and security and promoting economic development. How to arrange the various meetings and conferences rationally within the existing financial and human resources therefore constituted an important issue.
2. Concerning the intersessional departures from the approved calendar for 1992, he noted that they would not give rise to any administrative or programme budget implications. That was commendable. However, it would be even better if there were no such departures because then there would be savings for the United Nations. It was to be hoped that the various bodies and organs would make full use of the resources placed at their disposal and strive to raise the utilization rate of conference services so as to fulfil their mandated responsibilities within the time allotted to them by the General Assembly. With regard to the draft revised calendar of conferences and meetings for 1993, his delegation agreed with the arrangements and recommendations made by the Committee on Conferences.
3. On the subject of the new method the Committee on Conferences had decided to put into experimental use for preparing meetings statistics, his delegation agreed with the recommendations in paragraphs 27 and 28 of document A/47/32, wherein the Committee requested the Secretariat to develop a notional cost per hour of meeting time and to bring the relevant General Assembly resolutions and guidelines on the utilization of conference-servicing resources to the attention of the members of all United Nations organs at the start of their sessions.
4. His delegation concurred also with the recommendations concerning the control and limitation of documentation. In paragraph 71 of its report, the Committee had pointed to a general lack of compliance with the six-week rule and noted that the report provided by the Secretariat again presented an overview of the current situation rather than proposals for solutions. That abnormal situation should be remedied as soon as possible. The Committee on Conferences and the parties concerned in the Secretariat should carry out an in-depth study on the obstacles to the implementation of the rule and propose ways and means to eliminate them.
5. With regard to the review of the Office of Conference Services, his delegation agreed with the statement in document A/47/336 that in general the working methods of the Office had been found to be efficient and effective, although there was scope for improvement in some areas. It was also pleased to note that the Secretariat had taken a series of actions to further enhance the Office's efficiency and effectiveness. Likewise, it wholeheartedly

(Mr. Tang Guangting, China)

approved the recommendations proposed by the Secretary-General in paragraph 38 of his report.

6. His delegation held that the Office of Conference Services should play a decisive role in the rational organization of the various meetings and conferences. As the Assistant Secretary-General for Conference Services had emphasized, the new challenges faced by the United Nations had greatly increased the Office's workload, so much so that it no longer had any room to manoeuvre. His delegation was deeply concerned about that situation and hoped that the Office would be given the means of functioning as it should.

7. Lastly, concerning the biennialization of the agenda item under consideration, his delegation held that the issue needed serious study by States Members and that opinions should also be sought from the Committee on Conferences.

AGENDA ITEM 106: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)
(A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 107: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued)
(A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 124: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued) (A/C.5/47/22)

8. Mr. O'BRIEN (New Zealand), speaking on behalf of Australia, Canada and New Zealand, said that of all the elements that contributed to the preservation of peace-keeping operations were the most visible. It was critical therefore that the financial provision for such operations should be adequate and timely. All the resources made available - money, people and equipment - must be well managed for peace-keeping operations to be effective.

9. With respect to the need for adequate financing, his delegation understood that with the demand for contributions growing in step with the number of peace-keeping operations, the problems for Members in meeting their obligations could be considerable, but it nevertheless held firmly to the principle that peace-keeping was the responsibility of all United Nations Members. At the current time, there were two peace-keeping operations financed wholly or in part by voluntary contributions. Valuable as such contributions could be in the face of the United Nations perennial shortage of resources, they should not become a means for States Members to avoid their financial obligations.

10. Timeliness was the second key aspect in financing peace-keeping operations. Such operations often needed to be mounted at short notice and start-up costs could be heavy. All three delegations supported in principle the establishment of a reserve start-up fund. Several proposals had been made about how funds might be found for that purpose. The innovative proposal put forward by the Japanese delegation, in particular, should form the basis for

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(Mr. O'Brien, New Zealand)

consideration of the question. Whatever mechanism was chosen to finance the reserve fund, it was essential to enact strict rules on its management.

11. Where a peace-keeping operation needed to be mounted at very short notice, the three delegations would in principle support a proposal for the General Assembly to approve in advance an appropriation of up to one third of the estimated cost of the operation.

12. In view of the growth in the number, complexity and cost of peace-keeping operations, it was vital to continue improving their management. The Special Committee on Peace-keeping Operations had made helpful suggestions on that subject. It was highly desirable to establish closer coordination between the various Secretariat units dealing with peace-keeping operations. Greater transparency in the use of funds and greater accountability were also needed. For example, more frequent reports should be submitted on the use of the support account and on the Secretary-General's use of his authority to enter into unforeseen and extraordinary expenditure. Force commanders should also be given greater financial authority, since they were better placed to assess the needs of operations on the ground.

13. The three delegations also wished to reiterate their suggestion that Member States should keep the Secretary-General regularly informed of the resources - civilian and military personnel, as well as equipment - that they were ready to make available for peace-keeping operations. Clearly, the final decision about where and when those resources were used would remain with Governments.

14. Mr. SIKKANDER (Sri Lanka) said that the new political will demonstrated by States since the end of the cold war should also be reflected in the financing of United Nations peace-keeping activities, particularly at a time when the Organization was called on to deal with an ever-increasing number of crises world wide and to undertake operations such as those in Cambodia and Yugoslavia, which were the costliest in its history. His own country had paid its contributions to the regular budget in full and on time and he urged all Member States that had not yet done so, whether for technical or political reasons, to fulfil their obligations under Article 17 of the Charter, in order to ease the financial and operational difficulties preventing the Organization from responding effectively to the challenges facing it. The Secretary-General had proposed a number of measures to deal with the crisis. Such measures could only be temporary, until financial stability was restored through regular payments by Member States. They must also be consistent with the United Nations Charter and the Financial Regulations of the United Nations, and should not place an additional burden on the developing countries, where the economic situation was already sufficiently grave.

15. His delegation shared the concern that the proposal to charge interest on Member States which failed to pay their assessed contributions within 60 days would not have the desired effects, since it would act as a disincentive to those countries which had legitimate reasons to delay their payments. In

(Mr. Sikkander, Sri Lanka)

addition, the proposal to borrow from commercial banks would mean that the Organization would have to pay substantial sums in interest, an expense which in the long run would be borne by the Member States. However, the creation of a humanitarian revolving fund for emergency situations was a timely and positive measure. The proposal to establish a United Nations peace endowment fund was an innovative one, although the financing of the fund, the projected size of which was equivalent to almost one year's regular budget, was likely to cause practical difficulties in the current financial climate.

16. In his report "An agenda for peace" the Secretary-General had also recommended that the General Assembly should appropriate one third of the estimated cost of each new peace-keeping operation as soon as the Security Council decided to establish the operation. That proposal should be given thorough consideration in the light of the discussions in progress in the General Assembly. He looked forward to the Secretary-General's observations on the conclusions and recommendations to be put forward by the group of experts that had been asked to examine the question of the financing of the Organization.

17. Mr. MONTAÑO (Mexico) said that the time had come to find a definitive solution to the financial crisis which had lasted for 17 years. The basis for the Committee's discussions should be the set of proposals put forward by the Secretary-General and the proposals made by his predecessor to which the General Assembly had given preliminary consideration at its forty-sixth session. In dealing with the question, two fundamental principles should be respected. First, the distinct and specific nature of the financial problems arising in connection with the regular budget on the one hand, and those stemming from peace-keeping operations, on the other, must be recognized. Second, the measures designed to resolve those problems must take into account the specific factors, both technical and political, that had given rise to the existing situation.

18. With regard to the regular budget, his delegation had repeatedly stressed that administrative measures had little chance of success unless there was a genuine political will on the part of Member States to meet their financial obligations in full and on time and to respect the democratic nature of the Organization. The unilateral withholding of payments as a means of promoting special interests was totally inconsistent with the spirit of the Charter, while domestic economic grounds could not justify systematic disregard of international obligations. Nevertheless, a distinction should be drawn between temporary arrears within the financial year and failure to make payments for previous years, the latter being a clear violation of the financial responsibility assumed towards other Member States. In that respect, his delegation supported the charging of interest on unpaid contributions for previous years since that would introduce an element of rationality and would serve as an incentive to Member States. The other proposals, aimed at increasing the Working Capital Fund and authorizing the Secretary-General to borrow commercially and retain budgetary surpluses, could mitigate the consequences of the failure by some Member States to pay their

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(Mr. Montaña, Mexico)

contributions, but did not tackle the roots of the problem and might have unfavourable side-effects. They should therefore be treated with caution.

19. With regard to the financing of peace-keeping operations, on the one hand there was a growing need for resources because of the unprecedented increase in such operations over the past four years, while, on the other, appropriate financial mechanisms were needed to deal with the main characteristics of such operations, namely, their urgency and unpredictability. Two essential factors should be taken into account when devising new financing mechanisms, namely, the special financial responsibility of the five permanent members of the Security Council and the very limited capacity to pay of the developing countries. In addition, the principle that the General Assembly should have exclusive competence for all matters affecting the financing of the Organization's activities must be respected.

20. With regard to the three specific measures proposed by the Secretary-General in his "Agenda for peace", his delegation was in favour of the proposal concerning the establishment of a Reserve Fund to meet initial expenses of peace-keeping operations, on the understanding that the amount of the Fund and the mechanisms for its operation would first be defined collectively within the framework of the informal consultations on the matter. In that connection, the possibility should be explored of using the surpluses deriving from the payment of debts to provide the Fund with initial resources. The second measure proposed by the Secretary-General, the appropriation of one third of the estimated cost of each new operation as soon as the Security Council had decided to establish it, appeared interesting but, on the one hand, it would be tantamount to implicitly conferring budgetary powers on an eminently political organ, the Security Council, and, on the other, it would have only a limited effect in practice, since the Fifth Committee traditionally acted promptly on the financial implications of peace-keeping operations.

21. The third proposal, that the Secretary-General should be authorized to place contracts without competitive bidding, arose from a praiseworthy desire to introduce the desired flexibility so that the Organization could react to exceptional circumstances, but, as the Board of Auditors had shown, only 17 per cent of the contracts placed during the biennium 1990-1991 had been awarded as a result of competitive bidding. It appeared, therefore, that the desired flexibility already existed and that the solution to the problem of delays in the delivery of the goods and services required for peace-keeping operations should be sought through better coordination and follow-up in the procurement process.

22. His delegation believed that the other ideas put forth in recent months on the financing of the Organization's activities should be closely examined once specific information was available. It was awaiting additional information on the Secretary-General's report on the special scale of assessments for peace-keeping operations. His delegation took note of the establishment of an expert working group to propose additional measures for

(Mr. Montaña, Mexico)

improving the Organization's financial situation, and awaited with interest the report which the Secretary-General would submit on the subject. At all events, it was the duty of all Member States to bring the Organization out of the paradoxical situation in which it found itself; every day more was expected of it while at the same time it was not provided with the means to respond to the expectations.

23. Mr. CASAP (Bolivia) said that, despite the end of the cold war and the revitalization of joint international action, Member States did not seem ready to grant the United Nations the resources it needed to carry out the new mandates entrusted to it. His delegation associated itself with the Secretary-General's appeal to Member States to meet their financial obligations; Bolivia, for its part, was up to date in its payments to the regular budget. The picture that emerged from the various reports of the Secretary-General was hardly reassuring and the Bolivian delegation had therefore studied closely the proposals put forward by the Secretary-General with a view to improving the Organization's financial situation in document A/46/600/Add.1.

24. As far as the payment of interest on unpaid assessments was concerned, his delegation agreed with the Advisory Committee that the time had come to consider such a proposal seriously but that the system envisaged should operate on a case-by-case basis. It was also in favour of the continued suspension of financial regulations 4.3, 4.4 and 5.2, but emphasized the temporary nature of that measure. As for the proposal that the Working Capital Fund should be increased to a level of \$250 million, it agreed with the Advisory Committee that, before agreeing to an increase, Member States should respect the principle of the prompt payment of assessed contributions.

25. With regard to the establishment of a Peace-keeping Reserve Fund, his delegation believed that, while it was important to guarantee the initial financing of such operations, that should not be done at the expense of Member States which had fulfilled their financial obligations. His delegation was opposed to any commercial borrowing, since the United Nations was not a profit-making organization and would not be in a position to repay its debts.

26. Lastly, although the idea of setting up a United Nations Peace Endowment Fund was interesting, the possible participation of outside sources of financing was a matter of some concern.

27. His delegation was formally opposed to the proposals made in the course of the discussions regarding changes in the special scale for the apportionment of the costs of peace-keeping operations, since the precarious economies of the developing countries did not allow them to increase their contributions.

28. Mr. MYINT (Myanmar) said that the only solution to the financial crisis of the United Nations was for all Member States to fulfil their obligations

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(Mr. Myint, Myanmar)

under Article 17 of the Charter. Myanmar had always paid its contributions to the regular budget and to peace-keeping operations in full.

29. In his opening statement, the Under-Secretary-General for Administration and Management had emphasized the seriousness of the financial situation and the need for an urgent solution to the problem. His delegation endorsed the view expressed by many other Member States, that in the apportionment of the costs of peace-keeping operations, account should be taken of the special responsibilities of the permanent members of the Security Council and of the fact that the economically more developed countries were in a position to make relatively larger contributions than the less developed countries.

30. His delegation thought that the question of charging interest on the amounts of assessed contributions that were not paid on time needed to be examined with care. It welcomed the proposal regarding the establishment of a temporary Peace-keeping Reserve Fund at a level of \$50 million, to meet the initial expenses of peace-keeping operations, but agreed with ACABQ that a policy decision by the General Assembly was required on the principle of financing for the fund. The other proposals needed further detailed study.

31. Mr. ABDUL GHAFFAR (Bahrain) said that the repercussions of the many situations of tension and crisis on international security and stability made it the duty of all Member States to provide the Organization with the means to carry out its peace-keeping operations successfully, a duty which the State of Bahrain had always fulfilled. His delegation had studied with care the report on the administrative and budgetary aspects of the financing of United Nations peace-keeping operations (A/47/484), in particular the solution proposed therein for the elimination of the "anomalies" in the allocation of countries to the four groups set out in General Assembly resolution 43/232, as adjusted in the relevant subsequent resolutions. The scale proposed on that basis used per capita national income average as a criterion for the allocation of countries to the four groups, the aim apparently being to eliminate overlapping. However, the allocation to the four groups indicated in annex I was based on capacity to pay, which was itself based not on per capita national income average but on national income, a criterion which had always governed the apportionment of the costs of assessed peace-keeping operations.

32. It should be noted that the elimination of what the report called "anomalies" in the allocation of countries was reflected by the transfer of a number of countries from group to group. As an indicator of social welfare, per capita national income average, like any other, was frequently deceptive, particularly in the case of developing countries with a small population and an economy based on a single source of earnings. In that connection, it was important to bear in mind the many resolutions on island developing countries and the specific difficulties experienced by that group. His delegation accordingly rejected the use of the criterion of per capita national income average for the apportionment of the costs of peace-keeping operations on the grounds that it believed it to be biased in that it imposed financial obligations on States with a small population that were far in excess of their

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(Mr. Abdul Ghaffar, Bahrain)

capacity to pay and put them on the same footing as the industrialized countries.

33. Mr. VARELA (Chile) stressed that the financial situation of the United Nations was both serious and paradoxical: while Member States placed greater expectations in the Organization than ever before, many of them were shirking the commitments they had freely undertaken and the obligations established by the Charter. The Organization's financial problems and the resulting uncertainty of its situation raised questions about its viability and effectiveness. Whatever might be the need for, and the merits of, the restructuring of the Secretariat, it was above all essential that countries should pay all their contributions to the regular budget and to the budgets for peace-keeping operations on time, particularly since it appeared that the possibilities of borrowing from the accounts of peace-keeping operations - a method of financing which in theory was for special cases only but had actually become quite common - had been exhausted.

34. His delegation appreciated the efforts of the Secretary-General to strengthen the financial independence and thus the credibility of the Organization, and was prepared to study his proposals carefully, with a view to arriving at a general agreement on a solution to the current crisis. Thus, his delegation felt that the possibility of charging interest on the amounts of assessed contributions that were not paid on time might have a dissuasive effect, provided that account was taken of special cases and of the capacity to pay of the debtors. In that regard, it would be advisable to grant special conditions to countries that were in a difficult economic situation, to allow a grace period of one year before applying such interest charges, and to provide for a certain flexibility in the schedule of payments throughout the year. While Chile was making a significant financial effort, it noted that no provision had been made to encourage those countries which had paid their commitments on time to continue to do so. Finally, although all Member States had a duty to pay their assessments regularly, those whose assessments were the highest unquestionably had a special responsibility in that regard.

35. Chile had noted with great interest the proposal regarding the establishment of a Peace-keeping Reserve Fund and a Humanitarian Revolving Fund. In that connection, he recalled the common position adopted by the countries of the Rio Group, which held that the financing of peace-keeping operations was a collective obligation and that the permanent members of the Security Council bore a special responsibility in that regard. The system for the apportionment of costs established on the basis of General Assembly resolution 3101 (XXVIII) must be applied systematically.

36. It would be interesting if the conclusions of the high-level group of experts on the long-term financial security of the Organization were made available during the current session. However, both in the future and for the present, the fundamental source of financing for the regular budget and for peace-keeping operations was and would continue to be the payment of assessed contributions in accordance with the commitments undertaken by each country.

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37. Mr. TAMMAR (Saudi Arabia) said that his country's payments for peace-keeping operations were equivalent to 20 per cent of its contribution to the regular budget. In paragraph 9 of his report (A/47/484), the Secretary-General proposed that countries with 1980-1989 per capita national income averages at or above \$5,000 should be allocated to group (b); that meant that Saudi Arabia would have to pay an amount similar to the amounts to be paid by certain permanent members of the Security Council and equivalent to 100 per cent of its contribution to the regular budget. Not only was that increase contrary to the principle of equity set forth in the financial regulations of the Organization; it did not even take into account the true situation of his country.

38. Indeed, the war which Iraq had inflicted on its neighbours had had a very negative impact on his country's national revenues and on its basic development indicators. That in itself should be reason enough to maintain Saudi Arabia's contribution to the financing of peace-keeping operations at its present level. Despite the difficult situation in which it found itself, Saudi Arabia had taken on heavy obligations vis-à-vis its own people and the people of many friendly peace-loving countries, and it had never refused to offer a helping hand unconditionally to countries that needed it. Another important factor to consider was that Saudi Arabia was a developing country; it would not be right to impose on it the same financial burden levied on industrialized countries. Its economy depended on oil, which was a non-renewable resource that was subject to the fluctuations of the world market. Oil revenues could not be compared to those obtained from industrial and agricultural activities. His delegation felt that it would therefore be difficult to apply the formula proposed in the report of the Secretary-General, and hoped that its remarks in that regard would be taken into account during the discussion of agenda item 124.

39. Mr. AL-ESSA (Kuwait) said that his delegation viewed with great concern the deterioration of the financial situation of the Organization, a phenomenon which could be attributed to the failure of Member States to pay their assessed contributions on time. Kuwait belonged to the small group of countries that had always paid their contributions to the regular budget on time because, as the Minister for Foreign Affairs of Kuwait had said in the General Assembly, it would not be right to assign ever greater responsibilities to the Organization and not give it the material and political means to discharge those responsibilities. The measures proposed by the Secretary-General to resolve the financial crisis might indeed alleviate the difficulties and some of them should certainly be studied further, even though they represented provisional solutions and some might even increase the financial burden on the Organization. There was no doubt, however, that the only way to solve the problem was for Member States to demonstrate their political will to honour their financial obligations in full and on time.

40. With regard to the financing of peace-keeping operations, to which Kuwait attached special importance in view of the Organization's success in that field, his delegation urged Member States to pay their contributions in full

(Mr. Al-Essa, Kuwait)

and on time and to make up their arrears, so that the Organization could carry out its activities as effectively as possible.

41. With regard to the regrouping of Member States for the apportionment of the costs of peace-keeping operations, his delegation felt that the proposal that those countries with 1980-1989 per capita national income averages at or above \$5,000 should be allocated to group (b) was contrary to the principle of real capacity to pay and did not take into account the true situation of countries. The measure would therefore not produce positive results, but, on the contrary, might add further anomalies to the current system of apportionment, inasmuch as it would affect developing countries which had many specific responsibilities and which were facing many economic and financial difficulties.

42. Kuwait, for example, had suffered greatly from the base Iraqi aggression and its entire economic infrastructure had been destroyed, so much so that it was now in debt and at the same time had to pay the costs of reconstruction. His delegation therefore requested that the proposal be abandoned, since it did not take into account the true situation of countries, ran counter to the principles traditionally applied for the calculation of assessments, increased the burden on certain developing countries, and was not equitable.

43. Mrs. IIYAMBO (Namibia) said that her delegation was deeply concerned about the current financial situation of the United Nations. Despite its own problems, which were due especially to the drought that had afflicted southern Africa, Namibia had met all its financial obligations. It was thus one of the countries that were doing their best not to aggravate the crisis - which, as could be seen from paragraph 10 of the report of the Secretary-General (A/C.4/47/13), was due to an accumulation of arrears.

44. Her delegation welcomed the proposals put forward by the Secretary-General in the aforementioned report, but believed that the Secretary-General should not be authorized to borrow commercially until the consequences of doing so had first been carefully studied. Such a solution might place a further burden on all countries, including those which had paid their contributions in full and on time.

45. Namibia, which was in a good position to know that well-funded peace-keeping operations could succeed appealed to all Member States to pay their assessed contributions for peace-keeping operations, taking cognizance of their obligations under Article 19 of the Charter. Moreover, bearing in mind the unforeseen nature of such operations, her delegation supported the establishment of a Peace-keeping Reserve Fund, and endorsed the proposal that one third of the estimated costs of each peace-keeping operation should be appropriated by the General Assembly as soon as the Security Council decided to establish the operation.

46. Mr. WISNUMURTI (Indonesia) said that his delegation noted with dismay that the growing gap between the tasks entrusted to the United Nations and the financial means provided to it had created an atmosphere of permanent financial crisis. It therefore shared the concerns which had prompted the Secretary-General to make a number of proposals in his report on the work of the Organization and in his report "An agenda for peace", with a view to solving the problems of cash flow.

47. The increase of the Working Capital Fund and the establishment of a Peace Endowment Fund would not remove the root cause of the financial difficulties but would augment the burden borne by the countries which had paid their contributions.

48. However, the idea of charging interest on arrears of assessed contributions deserved serious study. But the proposal to authorize the Secretary-General to borrow commercially should be treated with great caution. His delegation shared the view of ACABQ that the interest on such borrowing would impose an additional financial burden on Member States; but above all it stressed the fact that such a solution did not address the source of the problem, which was the failure of some Member States to fulfil their obligations. Indonesia approved in principle the immediate establishment of a Peace-keeping Reserve Fund and concurred with the view expressed by ACABQ on the issue in its 1991 report on the financial situation of the United Nations (A/46/765).

49. Mr. MICHALSKI (United States of America) said that in 1992 the United States had paid over \$700 million of its current assessments for the regular budget and peace-keeping operations and that additional payments were expected before the end of the year. It had also paid a part of its arrears: approximately \$140 million over the past two years. Those payments demonstrated that despite its financial constraints the United States was doing what it could to ensure the stable financial functioning of the United Nations. Furthermore, a brief review of the crisis showed that, far from being a recent phenomenon caused by a single Member State, it was the result of a series of difficulties dating back to the 1960s which had subsequently been exacerbated by the non-payment of a large part of assessed contributions or the withholding by some Member States of part of their contributions, even though United Nations reserves had been practically exhausted in the mid-1980s.

50. From 1989 the situation had improved. The Secretariat reports showed that from 1989 to 1991 unpaid contributions had amounted to only \$19 million out of total assessments of \$4 billion, i.e. a collection rate of over 99 per cent. The United States, for example, had paid \$1,155.7 million during that period, an amount nearly equal to its regular budget and peace-keeping assessments.

51. In order to analyse the Organization's financial condition correctly, the rate of collection must be measured against the assessments for the current year. Paragraph 11 of the Secretary-General's report (A/C.5/47/13) indicated that unpaid contributions to the regular budget, as of 30 September, totalled

(Mr. Michalski, United States)

\$826.3 million, the equivalent of 80 per cent of the regular budget assessment for 1992 (\$1,037.4 million). That was a misleading way of presenting things, for if the shortfall was really 80 per cent of the funds needed by the Organization to carry out regular budget programmes in 1992, it would have closed its doors several months ago. In fact, the figure given in the Secretary-General's report was a cumulative amount representing the total unpaid regular budget contributions since the mid-1960s. In order to get an accurate idea of the situation, that amount must be compared with the cumulative amount of contributions paid during the same period. Since the latter amount was estimated at almost \$12 billion, the cumulative amount of unpaid contributions, i.e. \$826 million, represented approximately 7 per cent of the total assessment. In other words, as of 30 September Member States had paid about 93 per cent of total assessed contributions to the regular budget. The situation ought to improve still further by the end of the year, provided that other regular budget contributions were paid.

52. As the Under-Secretary-General for Administration and Management had indicated to the Committee, the Organization had received about \$250 million in regular budget payments in the previous week. If that amount was added to the \$650 million already received by 30 September, the total paid to the regular budget was \$900 million, or roughly 90 per cent of the total assessment for 1992. It could thus be seen that the low collection rate recorded as of 30 September did not properly reflect the current financial situation.

53. The analysis of the funding of peace-keeping operations presented in the Secretary-General's report was more realistic. However, despite a high collection rate the Secretary-General criticized the unevenness of the receipt of payments; his delegation thought such criticism unfair and unnecessary, for the majority of the operations in question had been approved only recently and many Member States had difficulties in paying rapidly the large contributions requested from them.

54. While it was necessary for Member States to pay their contributions in full and on time, the Secretariat must take a more realistic view of the management of the Organization's resources. In the event of cash-flow problems marginal activities should be curtailed or modified, and programme managers must find the means of implementing activities with fewer resources than anticipated. In any event, there was no evidence that the recent cash-flow difficulties had had any negative impact on the delivery of priority programmes.

55. With regard to the concrete proposals made at the previous session for coping with the Organization's financial problems, his delegation noted that the General Assembly had established a Humanitarian Revolving Fund with a capital of more than \$50 million to be provided by voluntary contributions, including a substantial contribution by the United States; the Fund was currently supporting United Nations activities in Somalia. On the other hand, his delegation was sharply opposed to the other measures proposed at the

(Mr. Michalski, United States)

forty-sixth session: establishing a Peace Endowment Fund; charging interest on arrears of assessed contributions; authorizing the Secretary-General to borrow commercially; and permanently suspending the financial regulations governing the return of budgetary surpluses to Member States.

56. At the present session the delegation of Japan had proposed a new mechanism to provide financial support for peace-keeping operations which would expand the Organization's financial reserves and allocate an even greater amount for such operations than recently proposed by the Secretary-General, and without any new assessments. His delegation was willing to work with the Japanese delegation and all the members of the Committee to ensure the adoption of that constructive proposal.

57. The Secretary-General had made other proposals in his report "An agenda for peace". The United States delegation had already stated its views on the question, in particular that it supported the establishment of a Peace-keeping Reserve Fund to finance start-up costs, an idea put forward at the forty-sixth session. Consideration might also be given to accelerated appropriations when United Nations reserves were not adequate, but the United States could not accept the proposal that the General Assembly should appropriate fully one third of the estimated costs of each new operation as soon as the Security Council decided to establish it, or the proposal for waiver of the rule that the Secretariat must submit contracts for goods and services to competitive bidding.

58. The United States hoped that the debate and decisions of the forty-seventh session would assist the expert group established by the Secretary-General to study the long-term financing of the Organization. It was unfortunate that the Secretariat could not at the moment provide Member States with the comprehensive data needed to assess the financial situation realistically, but that should be remedied when the integrated management system became operational.

59. Mr. JARAMILLO (Colombia) said that, like most delegations, he believed that the only way to resolve the crisis was for Member States to pay their contributions on time and in full, while of course at the same time improving the management of the Organization. Peace-keeping operations posed special problems in that regard; it would be recalled that a number of large-scale peace-keeping operations had had to be set up within a very short time. The speed was no doubt what had prevented the Committee from studying with requisite care the comments of ACASQ and the Board of Auditors on the shortcomings they had noted in the planning and implementation stage of the operations, particularly with regard to coordination in the field.

60. His delegation considered it crucial that troop selection should be done on the basis of impartial and fair criteria. Not to respect the principles of universality and equality among Member States when it came to the contingents generously put at the Organization's disposal was unacceptable. As to the financing of peace-keeping operations, it was important that all measures

(Mr. Jaramillo, Colombia)

planned should be reviewed as a whole so that Member States could have an accurate idea of the financial implications. In addition, the review should take into account the proposals made, in particular, by the group of experts appointed by the Secretary-General; the decisions ultimately taken should make it possible to deal with late payment of contributions without unbalancing the regular budget; and consideration should be given to establishing a United Nations Peace Endowment Fund, with the understanding that any fund raising from private sources should in no way compromise the impartiality and neutrality of the Organization.

61. Mr. MORET (Cuba) observed that thought should be given to the cause of the current crisis, primarily political in his view, originating as it did in 1985 when the main contributor had begun to hold back part of its contributions to put pressure on the other Member States. It would be unjust and pernicious not to make a distinction between late payment due to the insolvency of Member States, especially in the case of developing countries facing serious economic difficulties, and what amounted to political blackmail.

62. Cuba was in general agreement with the comments and recommendations made by the Advisory Committee in document A/46/765 regarding the proposals made by the Secretary-General in document A/46/600/Add.1. It was, however, firmly opposed to charging interest to States Members who did not pay their contributions on time because of economic problems. As for the proposals made in the report entitled "An Agenda for Peace" and reproduced in annex I of document A/C.5/47/13, it was regrettable that the Committee, contrary to established procedure, still has not received the comments of the Advisory Committee. Nevertheless, his delegation was ready to consider the proposal to establish a revolving peace-keeping reserve fund and had been in touch with the other delegations which had studied the question.

63. His delegation believed that the proposal for the immediate appropriation of one third of the estimated costs of each new peace-keeping operation should be reviewed in the light of the other proposals and measures that would be adopted by the General Assembly, particularly with regard to the establishment of a reserve fund, without forgetting that there was already a special account for peace-keeping operations. Lastly, the suggestions in section C of annex I were only ideas, and his delegation would in fact like to know the source. In any case, the suggestions in paragraphs (c) and (e) would, if they were to become proposals, be unacceptable in its view. As a final point, the Organization's financial difficulties could not be analysed solely from a technical point of view that ignored their political context.

64. Mr. RAZVIN (Russian Federation) said that Russia was following with attention and concern the issue of setting the Organization on a solid financial footing, the only way of allowing it to deal with the complexities of the new era that had succeeded the confrontation between Eastern and Western blocs. The serious economic difficulties Russia was experiencing at the moment in no way affected its dedication to the goals and ideals of the Organization. In his recent meetings with the Secretary-General,

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(Mr. Razvin, Russian Federation)

President Yeltsin had indicated that Russia would pay US\$ 130 million before the end of March 1993. It had recently made a first payment of \$18 million, a proof that it definitely intended to meet its financial obligations.

65. It was not enough, however, to have the necessary funds. The financial health of the Organization also presupposed a rational and effective use of funds. His delegation would return to some aspects of the question, but already wished to emphasize that the aim should be especially to limit budget growth, eliminate duplication, terminate ineffectual or outmoded programmes, improve budgetary control and as far as possible hold down additional expenses due to inflation. It further believed that an integrated approach had to be adopted to resolve the problems connected with the Organization's financial crisis; the search for a long-term solution must go hand in hand with measures aimed at increasing the efficiency of the Secretariat and rationalizing its activities.

66. With regard to the proposals made by the Secretary-General in his report on the financial situation of the Organization, his delegation especially favoured the proposal to establish a peace-keeping reserve fund. The emphasis there should be on looking for multiple sources of funding, and mechanisms that did not entail additional expenses for Member States.

67. On the other hand, the proposal to increase the Working Capital Fund seemed unacceptable to the Russian Federation. It would not resolve the problems that were at the root of the Organization's financial difficulties. Similarly, it was difficult to accept the proposal to authorize the Secretary-General to borrow commercially, because that would only raise the cost of United Nations activities. His delegation was firmly convinced that to improve the Organization's finances and ensure the viable operation of its administrative units, it was essential to offer commercial contracts for the purchase of goods and services needed by the Organization. At that juncture, the procedures for reviewing the contracts and bids would have to be speeded up and a strict system of control instituted within the various administrative units, with greater openness shown towards Member States and closer ties promoted with them through their missions.

68. The idea of establishing a United Nations Peace Endowment Fund seemed premature and not very realistic at the moment. Lastly, the proposal to appropriate one third of the estimated cost of each new peace-keeping operation as soon as the Security Council decided to establish it did not seem judicious to his delegation. It was convinced that the interests of the Organization demanded a detailed study of the procedures for funding operations, first in ACABQ and then in the Committee.

The meeting rose at 12.50 p.m.

UNITED NATIONS
General Assembly
FORTY-SEVENTH SESSION
Official Records

FIFTH COMMITTEE
10th meeting
held on
Thursday, 22 October 1992
at 10 a.m.
New York

SUMMARY RECORD OF THE 10th MEETING

Chairman: Mr. DINU (Romania)
later: Ms. ROTHEISER (Austria)
(Vice-Chairman)

Chairman of the Advisory Committee on Administrative and
Budgetary Questions: Mr. MSELLE

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UNITED NATIONS PEACE-KEEPING OPERATIONS (continued)*
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REPORTS OF THE BOARD OF AUDITORS (continued)
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* Items considered together.

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The meeting was called to order at 10.25 a.m.

AGENDA ITEM 106: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)
(A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 107: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued)
(A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 124: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued) (A/C.5/47/22)

1. Mr. THORNBURGH (Under-Secretary-General for Administration and Management), before commenting on the discussion of the Organization's financial situation, said that he hoped the Committee would, as in the past, reach a consensus on the matter.
2. Like some of the earlier speakers in the debate, he too wondered whether it was appropriate to refer to a financial "emergency" when the situation had lasted so long that it had become permanent. While he was glad that, for the immediate future, the most pessimistic forecasts would not be realized and the situation at year-end would be less dramatic than might be feared, it was a fact that the Organization was living in what he would call a semi-permanent climate of uncertainty, precariousness and anxiety, and that it hampered its smooth operation.
3. Was the situation in regard to assessed contributions growing worse or better? He noted that, at the end of September 1992, before the United States contribution has been paid, more Member States were up to date in their payments than in the two previous years at the same date. He also noted that there had been a net improvement in payments to the budgets of peace-keeping operations. Overall, therefore, there had been progress, and he wished to pay a special tribute to those countries which paid their assessments in January of each year. Lastly, he hoped that those States which had special difficulties in doing so would continue to do their best to pay their share of the Organization's costs.
4. Despite some improvement, there were still problems. For example, it was not possible to go on borrowing indefinitely from the accounts of certain peace-keeping operations (including UNTAG and UNIIMOG) because, once their reserves were exhausted, it would be impossible to reimburse the countries which had provided troops for them.
5. Some delegations had suggested that contributions should be paid in instalments. That was a good idea, provided payments were made on the due date. In fact, whatever the rule was, the important thing was that it should be respected - that payments should be made on time was even more important than their total amount, at least from the point of view of cash management.

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(Mr. Thornburgh)

6. Regarding the absence of reserves and recourse to the Working Capital Fund, he referred to the financial regulations and relevant General Assembly resolutions and expressed regret at the de facto situation: whereas advances taken from the Working Capital Fund should preferably be used solely to make up temporary cash shortfalls, the Administration was often obliged to resort to them when there was no immediate prospect of money coming in.

7. Taking a longer-term view, he recalled the measures proposed by the Secretary-General in his report to the General Assembly at its forty-sixth session (A/46/600) and the debate to which those proposals had given rise. He also recalled that the Secretary-General would be presenting to the General Assembly the conclusions of the high-level expert group he had set up to take a fresh, independent look at the question. All proposals and all initiatives, from whatever quarter would be welcome, and the Administration, for its part, would make every effort to see to it that the Committee was in position to analyse possible methods of financing and evaluate suggestions in as fruitful a manner as possible.

8. The Acting Controller would give full replies to any technical questions or questions on points of detail raised by the members of the Committee in the course of the debate and the informal consultations.

AGENDA ITEM 102: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/47/5 and Corr.1, vols. I, II and III, and Add.1-3, Add.4 and Corr.1, Add.5-Add.7 and Add.8 and Corr.1, A/47/315, A/47/460, A/47/500 and A/47/510)

9. Mr. KINCHEN (United Kingdom), speaking on behalf of the European Community and its member States, said that he was glad that a summary had been circulated of the principal findings and conclusions for remedial action contained in the reports of the Board of Auditors (A/47/315). The tremendous volume and late appearance of the reports in question and the importance of the subject, added to the serious concern aroused by an apparently general and continuing disregard for established rules and procedures. The Board should, of course, continue to be fully responsible for deciding the format and content of its reports, but a tool that was easier to use would make it possible to implement the necessary corrective measures more promptly. The matter was made more serious by the fact that some of the problems identified were of long-standing and it was not acceptable that the same criticisms should repeatedly recur.

10. The dedication of United Nations staff was not in question. The comments of the United Kingdom and the other members of the European Community related to management issues which were to some extent the responsibility of the General Assembly and other governing bodies as well as of the secretariats concerned.

(Mr. Kinchen, United Kingdom)

11. Without attempting to comment on each individual case, the European Community broadly supported those recommendations of the Board of Auditors on which the Advisory Committee had either not commented or with which it had concurred. It emphasized again the importance of establishing a timetable for remedial action, as indicated in various General Assembly resolutions - in the absence of which experience showed that nothing was done.

12. That was particularly true of financial control and accountability for United Nations property. Shortage of staff was not a valid excuse and the audited organizations ought to be able, within a year, to work out a system for effective identification and control of their non-expendable property. In the current situation, property management was such that abuse was clearly possible even if it was not clear that abuse was occurring. In the case of the United Nations in particular, steps must also be taken to see that it paid only for those office supplies which it actually received: the Administration should report on the contract in question in the context of the discussion of the proposed programme budget for the biennium 1994-1995.

13. The problems relating to budgetary control were likewise familiar, and the European Community was concerned at the evident lack of progress in that area. While the excess of expenditure over the final appropriations was within the limit set by the General Assembly in resolution 46/184, it was unusual that the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) had not been requested. The Community looked forward to hearing the Secretariat's explanation. The Community was also concerned about the regularity with which expenditures exceeded allotments, a phenomenon which the Administration attributed to inflation in excess of the level anticipated and mandatory staff cost increases. Under the budget procedure established by resolution 41/213, those two factors could justify proposals for increased appropriations, but the Board of Auditors should have had the opportunity to verify the explanation provided, and had not been asked to do so. A practical solution should be devised which would take into account the comments of both the Board and the Secretariat. With regard to advances from the United Nations to UNITAR, he said that the issue would need to be considered separately in the light of action to be taken by the Second Committee on the future of the Institute.

14. The problem of control of expenditure was not restricted to the United Nations. He would like to know the timetable for the implementation of the UNICEF Global Field Support System, where similar problems had been identified. Considering that the effectiveness of operational activities could best be judged at the project level, and that such activities should not be subject to procedural constraints, the European Community fully subscribed to the Board's reiteration of the need to develop a more efficient and effective appraisal and approval process.

15. The Board's commentary on consultants, experts and temporary assistance made depressing reading. There were two possibilities: either the existing

(Mr. Kinchen, United Kingdom)

provisions were inappropriate, in which case, instead of ignoring them, the administrations should initiate a review (something which had not been done, except to some extent in UNDP); or the existing provisions were adequate, and the Advisory Committee was right in holding that exceptions should be few in number and must be fully explained and justified.

16. In the specific case of UNDP, where the Governing Council had authorized a pilot project relating to new contractual arrangements for short-term service (A/47/500, paras. 82-85), the European Community joined with the Advisory Committee in stressing the importance of consultation with ICSC, and would like to ask the UNDP Administration to provide the Fifth Committee with full information on the scheme which was under development.

17. Separately the Board had commented on the inadequacy of arrangements for evaluating the performance of experts and consultants. He would like to know what arrangements the Secretariat proposed to introduce in order to ensure that no payment was made in future in the absence of evidence that work had been done, and that it represented fair value for money. That was a case where an early deadline should be set for remedial action.

18. On the related issues of personnel management, payroll and staff costs, many of the same deficiencies were again apparent, and the results could be costly. The Community noted, for example, the lack of any convincing explanation by the UNDP Administration with regard to the case of staff members on special leave with full pay, when none of the provisions for making such arrangements applied to the cases in question. On the matter of control in the case of payment of allowances and benefits to staff, the Community welcomed the progress made in UNICEF, and urged a similar effort by the United Nations.

19. The Board's findings with regard to procurement confirmed that the situation had become untenable. The Community supported the Advisory Committee's recommendation for a special audit.

20. The Community was concerned about the inability of the Board to issue an unqualified audit opinion on the accounts of UNDP and UNFPA. All parties concerned should provide the necessary documentation in a timely manner. With regard to the qualification of the audit opinion on the United Nations accounts, which related to unpaid assessed contributions, he pointed out that responsibility in that case lay with the Member States and not to the Secretariat.

21. The European Community agreed with the Board on the need for effective arrangements for internal audit and for prudent policy with regard to cash management, with greater attention being paid to the need to increase interest income. It also welcomed the Auditors' comments on the organizational structure of the administrations and on their programme management. It trusted that in the United Nations, those comments would be taken fully into

(Mr. Kinchen, United Kingdom)

account in the current restructuring exercise and duly reflected in the proposed programme budget for 1994-1995. It would caution against any temptation to regard the Integrated Management Information System as a panacea.

22. The review of the reports of the Board of Auditors was a core element in the exercise of financial responsibility by Member States. Where deficiencies were brought to light, it was the responsibility of Governments as well as of the Secretariat to take effective action to correct them.

23. Mr. SIAKALENGE (Zambia) said he had taken note of the conclusions and recommendations made by the Board of Auditors and of some improvements which had been made in some areas since the last General Assembly. His delegation was concerned about the deficiencies reported by the Board in some of the United Nations agencies. It supported the proposal by the Board calling for a clear demarcation of functions between the Board and the management in the field of finance.

24. His delegation called upon the Secretariat to indicate which recommendations had not yet been implemented, along with explanations for non-compliance; the timetable for recommended corrective action; what measures had actually been taken and those which were planned so as to ensure improved and standardized procurement procedures in the United Nations system; and, finally, what measures had been taken to streamline recruitment of Professional staff and consultants.

25. His delegation called upon all United Nations agencies to comply strictly with the established procedures and to ensure improved financial accountability. They should either take the corrective measures that had been recommended or, if the recommendations did not meet their particular circumstances, they should inform the General Assembly and propose alternative solutions. It was unfortunate that despite the serious nature of some of the shortcomings identified by the Board of Auditors, little or no action had been suggested by some agencies. Nevertheless, his delegation believed that the concern shown by Member States about the use of funds would create better conditions for improved financial management in the United Nations system.

26. Mr. ORR (Canada) endorsed most of the Board's recommendations and called on management to address them swiftly. He was especially concerned at the lack of accounting standards and the failure to adhere to internal control and good management practices.

27. His delegation considered that the financial statements did not fulfil their objective and that, despite their length, much information was not reflected in them. To begin with, organizations did not present summary financial statements. Secondly, accounting treatment differed from organization to organization, with the result that their financial statements were not comparable. Thirdly, the exchange rates used were not those applicable at the balance sheet date, with the result that the figures were

(Mr. Orr, Canada)

distorted. Fourthly, unliquidated obligations could be manipulated so as to indicate that appropriations had been used in full or so as to conceal budget overruns. Fifthly, many real liabilities relating to staff termination benefits did not appear in the financial statements. Yet they amounted to a significant portion of the annual budget of the system's organizations, and would have to be paid in the future.

28. His delegation had argued strongly in favour of the decision contained in document A/46/793, which recommended the appointment of a consultant to propose a set of accounting standards. It regretted that that decision had not been implemented by management, but that instead the Consultative Committee on Administrative Questions (CCAQ) had simply formed a working party, whose report was scarcely encouraging. His delegation requested CCAQ, in cooperation with the Panel of External Auditors, to adopt meaningful accounting standards and to implement them for the financial period ending 31 December 1993. Those standards must make it possible to compare the financial statements of the various entities, which must clearly disclose all assets and liabilities.

29. His delegation was also very concerned at the instances of inefficiency and wastage noted by the Board in all the organizations. The unauthorized advances to the United Nations Institute for Training and Research (UNITAR) and the payment of allowances to Government employees by the United Nations Children's Fund (UNICEF) were particularly serious abuses.

30. A regime ensuring respect for the principle of accountability within the United Nations system was required. The proposal by the Under-Secretary-General for Administration and Management to create a post of Inspector General was commendable, but did not constitute a solution. The primary responsibility for ensuring that assets were safeguarded, that transactions were in accordance with the regulations, and that resources were used efficiently and economically lay with management, and specifically with the Office of the Under-Secretary-General. Management must enforce its own rules with regard to internal control. The creation of a post of Inspector General would serve no purpose if management continued not to heed the recommendations made.

31. The internal audit function was one of the main procedures whereby respect for the principle of accountability could be guaranteed. It should make it possible to prevent fraud, rather than merely detecting it. His delegation called on all United Nations organizations immediately to strengthen the independence of their internal audit services, to provide them with appropriate staff resources, and to ensure that those to whom internal audit reports were addressed would be held accountable for implementing their recommendations. All United Nations organizations should follow the example of the United Nations Development Programme (UNDP), which had developed a plan of action, including deadlines, for implementation of the Board's recommendations.

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32. Ms. ERIKSSON FOGH (Sweden), speaking on behalf of the five Nordic countries, said that the Nordic delegations attached great importance to the work of the Board of Auditors and generally endorsed their observations and recommendations.

33. The Nordic delegations stressed the usefulness of the horizontal evaluation of the internal audit function undertaken by the Board. It seemed that qualified staff resources were insufficient in several organizations, particularly at United Nations Headquarters, for various reasons: not all vacant posts had been encumbered, budgetary resources were limited, staff lacked sufficient experience, etc.

34. The activities of the Internal Audit Division of the United Nations also revealed shortcomings at other levels, such as independence, scope of responsibilities, audit planning, performance of audit work and follow-up of audit findings. Furthermore, management seemed unresponsive to the results of internal audits.

35. Under Financial Regulation 10.1 and Rule 110.41, the Internal Audit Division was to conduct audits that encompassed not only administrative and financial aspects, but also execution of programmes - which was currently far from the case. Administration had explained that if the Division's predicaments with regard to professional resources were addressed, it should be possible to provide adequate internal audit coverage in a span of five years (A/47/5, para. 295). The Nordic delegations wished to receive more information about the Division's human resources, and to know how many posts had been vacant on average over the past three years, why they had not been encumbered, and what the prospects were for the future.

36. The Board had also noted that internal audit coverage was insufficient in other organisations: UNICEF, the United Nations Fund for Population Activities (UNFPA), UNDP and the Office of the United Nations High Commissioner for Refugees (UNHCR). It had drawn attention to inadequacies in several fields: planning, implementation of plans, organization and follow-up. The independence of the auditors was not always fully guaranteed.

37. The Nordic delegations were concerned about those deficiencies and considered that an intergovernmental initiative to strengthen the audit function in the United Nations was called for. As a first step, an external consultant would study ways and means of achieving that aim and would produce a report which would be examined in 1993. In that context, an attempt should also be made to anticipate the most common problems, rather than merely carrying out ex post facto assessment. Inter alia, the oversight functions of the intergovernmental bodies, starting with the General Assembly, should be strengthened. The Nordic project concerning the United Nations system proposed the creation of an "International Development Council" to provide guidance to the organs responsible for the operational activities of the United Nations and ensure the cohesion of their activities. Each programme or fund should also be provided with an executive body responsible for monitoring

(Ms. Eriksson Fogh, Sweden)

performance as well as for deciding on programmes and budgets. It must also be stressed that an important role was played in that respect by the Advisory Committee on Administrative and Budgetary Questions (ACABQ), which already examined the budgets of the voluntarily funded programmes and funds.

38. The Nordic countries welcomed the fact that in its resolutions over the last two years the General Assembly had encouraged the Board of Auditors to extend the scope of its audit. They considered that the United Nations should adopt the auditing standards that were in the process of being adopted by the International Organization of Supreme Audit Institutions (INTOSAI), which distinguished between two types of audit, one dealing with the regularity of operations, the other with performance. The Nordic delegations proposed that reference should be made to the INTOSAI standards in the resolution on that item to be adopted by the General Assembly at its current session. No change in substance was intended; the reference would simply make the scope of the audit clearer to informed readers of the resolution.

39. The delegations of the Nordic countries wished to mention two issues noted during the "horizontal" study concerning expendable and non-expendable property. First, the control of property, in particular non-expendable items, was inadequate in most organizations, despite the fact that the General Assembly had repeatedly stressed the importance of stringent controls. Second, compliance with the financial rule requiring that all purchases involving more than a certain amount should be subjected to competitive bidding was more the exception than the rule both at Headquarters and in the field. The Nordic countries strongly urged the organizations concerned to take immediate corrective action for the implementation of the existing rules and regulations.

40. The Nordic countries, which were major contributors to UNDP, supported the Board's recommendations concerning project management in UNDP, in particular the appraisal and approval process (A/47/5/Add.1, para. 197) and the effective use of evaluations (ibid., para. 202).

41. Mr. FERNANDEZ (Philippines) said that his delegation was quite satisfied with the presentation of the findings and recommendations of the Board of Auditors concerning peace-keeping operations. However, it noted with concern that the United Nations and many of its agencies continued to be afflicted by the same problems: fiscal mismanagement, waste, disregard for rules and cases of fraud.

42. The Board of Auditors had noted serious deficiencies in the internal audit services: poor planning, inadequate utilization of staff resources, late reporting, conflicting functions, absence of follow-up, and so on. His delegation agreed with the Board that those problems were due to the inability of the organizations to install a cadre of competent internal auditors. It therefore strongly recommended an immediate review of the staffing structures of the internal audit services and the hiring of qualified auditors.

(Mr. Fernandez, Philippines)

43. According to the auditors' reports, it seemed that there was considerable wastage in the area of salaries and benefits. Individuals had been engaged on the basis of verbal agreements and their contracts subsequently given fictitious dates. Employees had been granted special leave with full pay without a valid reason. The Board had likewise pointed out that it was difficult to ascertain the exact number of vacancies and occupied posts and whether payments of salaries and other staff costs were within the authorized levels of expenditures. Continued deficiencies had also been noted in the hiring of consultants and the granting of education grants and dependency allowances. The Administration had been unable to take adequate measures to prevent fraud. Thus, like those of other Member States, his delegation strongly urged more drastic measures.

44. The audit reports also revealed serious problems in procurement and property management. Recourse to a bidding procedure had become the exception, whereas it ought to be the rule. Despite numerous observations by the Board, the Administration seemed to have done nothing to remedy the problem. The Board had been unable to ascertain whether goods and services paid for had actually been supplied and, if so, whether they were according to specifications. It was also surprising that the new definition of non-expendable property adopted by the Secretariat excluded 99 per cent of all such property. With such a system, it became virtually impossible to safeguard valuable property. Considering the amounts involved, the Philippines strongly supported the recommendation of ACABQ regarding the conduct of a special audit on procurement and property management.

45. The Board of Auditors had also cited deficiencies in the management of trust funds: lack of a common definition of confirmed pledges, improper accounting for contributions in kind, failure to close inactive funds, acceptance of pledges in violation of financial regulations, and so on. Those problems needed to be resolved.

46. Despite the financial crisis, the United Nations had not formulated a satisfactory investment policy: excess cash balances were simply deposited in non-interest-bearing bank accounts. If that and so many other problems persisted, it was either because the corrective measures instituted previously were insufficient or because there was a lack of determination on the part of the Administration to rectify the situation. Whatever the reasons, his delegation believed that at the current stage more drastic measures must be instituted.

47. Ms. Rotheiser (Austria), Vice-Chairman, took the Chair.

48. Mr. GOUDIMA (Ukraine) said that his delegation was deeply concerned over the numerous violations of the financial rules noted in the various United Nations organizations. Some, for example, were unable to conduct regular inventory counts. That showed that the administrations responsible did not attach sufficient importance to inventory counts as a means of controlling

(Mr. Goudima, Ukraine)

resource utilization. His delegation shared the Board's view that strict measures should be taken to ensure adequate control of non-expendable property, in UNDP in particular.

49. Internal auditing was an extremely important operation. Activities undertaken in that area should be sufficient in scope; that presupposed adequate financial resources.

50. His delegation was surprised that there were so many instances of over-expenditures. In its opinion, all violations should be examined carefully and those responsible for them should be punished. Some violations showed a certain casual attitude on the part of the administrations with regard to earlier recommendations. His delegation therefore called upon the Secretary-General and the departmental heads to undertake a detailed analysis of all the cases noted, so that they could take effective action. In that respect, the officials concerned must personally assume administrative and, indeed, financial responsibility for any negligence which might have resulted in a loss to the Organization. His delegation believed that the Member States - in particular those represented in the governing bodies - could play an important role in monitoring the implementation of the auditors' recommendations.

51. Measures to improve the management of United Nations activities must focus on the following main areas: payment of salaries and benefits, violations relating to the reimbursement of income tax, and compliance with the provisions governing outstanding obligations. The same violations were repeated from year to year; only the people responsible for them changed. From that one could infer that deficiencies existed either in the system for the management of funds or in the control of that management. In that regard, his delegation considered the proposals made by Canada, the United Kingdom and Sweden to be of interest, in particular, the proposal by Sweden concerning the new auditing standards that were in the process of being elaborated.

52. Mr. KABIR (Bangladesh) said that Bangladesh attached great importance to implementation of the recommendations of the Board of Auditors. It regretted that many of those recommendations had not yet been implemented by United Nations organizations. He urged them to take the necessary action to remedy that situation.

53. The growth in peace-keeping operations and special missions had led the Board of Auditors to extend its coverage to those activities. His delegation welcomed that development. It also appreciated the continuation of the dialogue between the Board and the Administrations concerned and the increased cooperation with the internal audit services. Similarly, "horizontal" audits had proved to be valuable. They had highlighted a number of weaknesses which were common to many United Nations organizations and which accordingly required action on a system-wide basis. His delegation considered that the time had come to devote greater attention to monitoring, and it expressed the

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(Mr. Kabir, Bangladesh)

hope that monitoring would be facilitated by the introduction of the Integrated Management Information System.

54. With regard to internal auditing, the Board had drawn attention to deficiencies in both New York and Geneva, particularly with regard to personnel, planning and follow-up of recommendations. The mandate of the internal auditors should be revised to provide a solid legal basis for their activities. In addition, audit personnel should not be assigned operational responsibilities in order to avoid possible conflicts of interest. At the same time, adequate budgetary control measures should be enforced in order to minimize over-expenditure.

55. With regard to non-expendable property, the Board had identified several problems, including that of the inability of a number of organizations to conduct regular inventories. It had reported that the basic information needed for efficient property management and economic use of resources was lacking. In the case of loss or damage, responsibilities were not clearly defined. Those factors created unacceptable situations. Accordingly, he expressed the hope that the Board's recommendations in that regard would be implemented on an urgent basis. Steps should also be taken in field offices to identify and dispose of surplus or obsolete equipment.

56. As in previous years, the Auditors had given a qualified audit opinion in the case of UNDP and UNFPA. His delegation was aware of the efforts made by both organizations to ensure that executing agencies observed the timetable for the submission of audit statements. In order to ensure the cooperation of the executing agencies, which was essential, his delegation was suggesting that a definite timetable should be incorporated into the standard basic executing agency agreement. It also concurred with the Board's recommendation that the agreement should stipulate external auditing. In connection with the audit reports of nationally executed programmes, his delegation reaffirmed that it favoured simplification of audit procedures. It was concerned that administrative and programme-support costs tended to increase disproportionately in relation to programme costs. It also shared the Board's view that the procedures of the Project Appraisal Committees at UNDP headquarters should be streamlined and that greater financial authority should be delegated to the field offices. The project approval process should also be improved. His delegation considered that the development support services were an appropriate channel for the recruitment of consultants from among the nationals of the countries concerned. In the field offices of UNICEF, the prompt release of cash advances had contributed significantly to project implementation. He hoped that nothing would be done that might have an adverse impact on implementation.

57. His delegation had carefully considered the Secretary-General's report on measures to facilitate reporting by staff members of inappropriate use of the resources of the Organization (A/47/510). It was aware of the problems to which that might give rise. However, there was considerable room for stricter

(Mr. Kabir, Bangladesh)

application of the Financial Rules and the Staff Rules, to which the implementation of the Integrated Management Information System and enhanced internal control should contribute. In cases of fraud and presumptive fraud, a mere declaration of the importance of fiduciary responsibility was not enough. Cases should be dealt with promptly and firmly in order to achieve a deterrent effect.

58. Mr. OSELLA (Argentina), speaking on behalf of his own country, Bolivia, Brazil, Chile, Colombia, Costa Rica, El Salvador, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Uruguay and Venezuela, stressed the independent nature of the work of the Board of Auditors. He supported the recommendations of the Board, and invited the Committee to institute the requisite procedures to ensure that they were implemented.

59. The structural deficiencies identified in financial planning and management, and the repeated infringements of the rules concerning staff recruitment and purchases of equipment that had been mentioned by the Board indicated that much remained to be done to ensure proper coordination of resource-management strategies. That was a task to which the Secretariat, ACABQ and the internal and external auditors should address themselves, within their respective spheres of competence. The proposal by the Under-Secretary-General for Administration and Management regarding the establishment of a post of inspector general should be considered in that context, taking due account of the monitoring activities of such bodies as the Joint Inspection Unit.

60. The cases of misuse of funds noted by the auditors were exceptional. They should not tarnish the reputation of the thousands of staff members who fulfilled their functions conscientiously. Nor should Member States use such cases as an excuse for not meeting their financial obligations. The countries on whose behalf he was speaking were ready to cooperate in establishing a system for the prevention and punishment of such practices which should be more efficacious than the system currently in force.

61. The gaps noted in the internal audit and the control of non-expendable property were often attributed to a lack of staff. In that connection, the Board had pointed out that the delay in filling vacancies in top management in the International Trade Centre had considerably impeded the functioning of that body. It was clear that in such cases staff cuts were no guarantee of efficiency.

62. Another important element was the lack of clarity in the definition of the functions of the Field Operations Division, which was accordingly finding it difficult to fulfil the role assigned to it in peace-keeping operations. In general, it was essential to monitor closely the implementation of the recommendations of the Board of Auditors by the organizations concerned. Only the United Nations University was beyond reproach in that regard.

(Mr. Osella, Argentina)

63. It was a matter for concern that purchases of equipment and services were only rarely open to tender, when that should be the rule. He also stressed that United Nations organizations did not make sufficient use of experts from the developing countries, a practice which would help to promote the objectives of development activities.

64. Mr. MURTAZA (Pakistan) said that the internal audit services of various organs should be utilized appropriately and be able to operate independently. The internal audit had been further impeded in some agencies because vacancies for auditors had remained unfilled. His delegation was pleased to note, however, that cooperation had continued between the Board and some internal audit services. By contrast, it regretted the lack of response to earlier recommendations of the Board and the fact that most of the shortcomings identified had not been addressed.

65. His delegation considered the method of "horizontal" audit to be timely since it drew attention to certain weaknesses common to all the organizations. Two such problems were extremely important, namely property control and trust fund management. With regard to non-expendable property, which was inadequately controlled, especially in field offices, his delegation supported the Board's recommendation on the need for stringent inventory monitoring and timely action in accordance with the financial and administrative regulations.

66. Another matter of concern reported by the Board was the undue delay in filling vacancies, especially in the International Trade Centre and UNICEF. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) had rightly observed that such delays had weakened the organizations concerned. Organs engaged in social development activities should make every effort to hire local consultants.

67. His delegation hoped that the executive heads and governing bodies of the various organs and agencies would take due note of the recommendations made by the Board of Auditors. It underlined the need for strict budgetary control, timely submission of programme budgets, strengthened internal audit mechanisms and improved accounting procedures. It also favoured the inclusion in the synthesis prepared by the Board of a review of the action taken by the various agencies in response to the comments made by the Board and ACABQ.

68. Mr. JU Kuilin (China) noted that the Board of Auditors had repeatedly drawn attention in its reports to excesses of expenditure over income in some agencies. That kind of practice was detrimental to the operation of the agencies concerned and contravened the relevant resolutions and financial regulations. The agencies concerned were compelled to borrow from other sources, which affected operational arrangements for the following financial period. His delegation therefore hoped that the respective administrations would take the necessary corrective measures.

(Mr. Ju Kuilin, China)

69. With regard to financial records, the Board of Auditors had noted shortcomings in the records of expenditure and income. As a result, financial reports failed to give a true picture of the real situation. His delegation believed that operational activities could not be properly implemented without sound financial management. The executive authorities should pay greater attention to that matter.

70. The Board of Auditors had noted that some agencies paid little attention to the management of expendable property, citing staff shortages as an excuse. That made regular inventory counts impossible. His delegation concurred with the Board's suggestion that financial control and accountability for all property should be instituted as soon as possible. In that connection, it expressed concern over the management of property assigned to peace-keeping operations. With the expansion of those operations, expenses and stocks of equipment had increased rapidly. As the Board had observed, a sound management system for property stocks had yet to be established because of lack of cooperation among field offices. His delegation hoped that appropriate measures would be taken to solve that problem.

71. Inadequate financial management and monitoring had led to breaches of the financial and administrative rules. The Centre for Human Rights had repeatedly recruited individuals on the basis of verbal agreements, disregarding budgetary constraints. The Centre was not justified in breaking the rules laid down by the United Nations. At Headquarters, it had been found that there were considerable and at times intentional delays in the mandatory review of permanent appointments and the conversion of fixed-term appointments. The Board of Auditors had also mentioned a number of other irregularities in personnel management in other agencies. They should be corrected promptly.

AGENDA ITEM 110: PATTERN OF CONFERENCES (continued) (A/47/7/Add.1, A/47/32, 287 and 336; A/C.5/47/1)

72. Mr. DUHALT (Mexico) said that his delegation, which had been participating actively in the work of the Committee on Conferences for three years, endorsed all the conclusions and recommendations made by the Committee in its report. Aware as it was of the controversy among Member States over the mandate and functioning of the Committee, it supported the efforts to make it more effective. It stressed, however, that any initiative along those lines should be based on General Assembly resolution 43/222 B, which gave the Committee competence in the areas of the evaluation, planning and coordination of conference services. The Committee should, for instance, take a more active part in the introduction of a system guaranteeing the coordinated planning of the calendars of meetings of the various organs and optimum utilization of conference services. The Committee, the officers of the organs concerned and the Secretariat should undertake an in-depth study of the conference services actually required by each organ, taking into account its

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(Mr. Duhalt, Mexico)

mandate, composition and working methods, the aim being to establish rules and procedures that were consistent with the aforementioned goals and ensured the smooth functioning of the organs concerned.

73. In order to be able to consider the issues on its agenda in greater depth, the Committee had adopted a biennial work programme. Unfortunately, delegations still did not participate very actively in its work. His delegation hoped that the members of the Committee would be more active in the future.

74. Although it should be more vigorous in its efforts to streamline the Organization's calendar of meetings, the Committee on Conferences should on no account set itself up as a judge as to the political role or relevance of other intergovernmental organs. The usefulness of the work of the various organs must be systematically evaluated, but that must be done within the context of the General Assembly, taking into account the interests and needs of all Member States as the universal character of the Organization required. It would be dangerous to distort the Committee's mandate and to have it pass judgement on the functioning of other organs solely from the standpoint of resource management.

75. The Committee on Conferences had recommended the installation of a signalling system to encourage speakers not to exceed their allotted time. His delegation was in favour of that proposal.

76. With regard to documentation, the situation was discouraging. Documents for legislative bodies were almost always issued late. Once it had an availability index for documentation, the Committee on Conferences would be in a better position to make recommendations for the final resolution of the problem.

77. His delegation noted that the 32-page limit set for the reports of subsidiary organs was still not being respected, and that summary records had been prepared on an experimental basis for certain organs for more than 10 years. Mexico hoped that during its following session, the Committee on Conferences would make an in-depth study of the standards in force and would recommend corrective measures.

78. Since with regard to documentation the problems were essentially due to the imbalance between the growing number of requests from Member States and the means at the disposal of the Secretariat to meet those requests, action was required on two points. First, the productivity of the Office of Conference Services must be improved, and technological innovations could be of assistance there. Second, Member States themselves must rationalize their requests for documentation.

79. In accordance with guidelines laid down by the General Assembly at its forty-sixth session, a study had been done of the operation of the Office of

(Mr. Duhalt, Mexico)

Conference Services whose conclusions, presented in a report of the Secretary-General, must be supplemented by those in paragraph 100 of the report of the Committee on Conferences. Where the other studies done by outside consultants were concerned, his delegation hoped that their results would be incorporated into those of the review requested by the Assembly, so that Member States could at a suitable time be advised of the pertinent recommendations of the Secretary-General in accordance with resolution 46/190.

80. Mr. BARIMANI (Islamic Republic of Iran) said that the functioning of the Committee on Conferences, whose functions had been redefined and membership altered by General Assembly resolution 43/222 B, could be further refined. That Committee's intense effort to ensure optimum use of conference services had borne fruit, since the average utilization rate had reached 78 per cent in 1991. However, meetings statistics provided by the Committee on Conferences indicated that there was a considerable difference between the stated and actual needs of the various bodies. To avoid such wastage, each organ, and particularly those that had not yet reached the 75 per cent threshold, should be urged to make the best use of the resources allocated to them. In that respect, his delegation endorsed the recommendation of the Committee on Conferences contained in paragraph 24 of its report.

81. There was scant compliance with the 32-page limit on reports by subsidiary organs of the General Assembly: from 1981 to 1991 only 23 bodies had submitted reports within that limit. The rest must intensify their efforts while both maintaining quality and adhering to the guidelines of legislative bodies.

82. The six-week rule for issuance of pre-session documentation was not strictly observed, either, nor had the Secretariat provided proper solutions to that problem. His delegation therefore sought clarification in that regard. Timely availability of documentation was very important: the General Assembly should envisage concrete measures to rectify the situation.

83. Many more copies of documents were generally sent to each mission than were needed. Such a procedure was wasteful and should be reviewed as soon as possible.

84. In so far as the 1993 calendar of conferences was concerned, his delegation had no objection in general, but believed that increased attention should be given to regional commissions and specialized agencies. Accordingly, there was a need to reduce the number of annual conferences and to decentralize many of the activities now carried on at the New York, Geneva and Vienna headquarters. More resources should be allocated to regional offices, whose conference-servicing facilities should be improved. Such a change would benefit numerous Members, especially the developing countries.

85. In its resolution 46/190, the General Assembly had requested, for its forty-seventh session, a review of the organizational structure, technological

(Mr. Barimani, Islamic Republic of Iran)

innovations, and working methods of the Office of Conference Services. In view of the probable value of the report to be prepared by the task force, his delegation would like the Secretariat to provide copies of it to members of the Fifth Committee.

86. With regard to the installation of a signalling system to alert speakers who exceeded appropriate time-limits, his delegation believed that such systems could be useful, but emphasized that they must be economical.

87. Mr. MURTAZA (Pakistan) said that the role of the Committee on Conferences remained very helpful in streamlining conference-servicing requirements as well as in the timely scheduling of international conferences. The enhanced role of the United Nations had placed new demands on conference services, but the ambitious programme for the restructuring of those services continued to be consumed by the non-availability of adequate resources. In any case, there was a need for greater interaction between the Committee on Conferences and the various organs of the United Nations.

88. Some had suggested doing away with certain semi-dormant activities. However, a decision of that nature could be made only on the basis of broader consultations and in the light of the long-term utility of such activities, not their apparent inefficiency based on political considerations at a given moment. The work of the Committee on Conferences should be seen in the strict context of its mandate, and it should not be expected to deal with issues that fell within the province of other United Nations organs. The desire for economy, while otherwise laudable, should not be allowed to compromise the performance of those organs. Changes affecting the holding, duration and venue of conferences should be the result of a broad-based consultation process.

89. His delegation endorsed the recommendation of the Committee on Conferences that the General Assembly should renew its appeal to Member States to exercise restraint in their requests for the circulation of communications as documents of the United Nations. Similarly, delegations should be urged to show self-discipline by respecting the agreed speech time-limit. His delegation looked forward to the Secretariat's report on its review of the criteria, status and guidelines that had been the basis for prior General Assembly recommendations on the provision of written meeting records to its subsidiary organs.

90. Mr. INOMATA (Japan) said that his delegation basically agreed with the recommendations of the Committee on Conferences concerning the calendar of conferences and meetings, particularly those in paragraph 10 of that Committee's report (A/47/32). It thought that the Advisory Committee and the governing bodies of the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF) should adjust their schedules in order to give the Advisory Committee enough time to examine the proposed programme budgets of those bodies. As the Under-Secretary-General for Administration

(Mr. Inomata, Japan)

and Management had suggested, it might be worthwhile considering a moratorium on future world-wide conferences, because an in-depth analysis of past practices in that area should precede the planning of such high-cost events. The General Assembly might even refrain from proclaiming new "decades" unless absolutely necessary.

91. With regard to improving the utilization of conference-servicing resources, the prerequisites for progress in that area remained proper preparation for meetings by bureaux and punctual issuance of documents. For that reason, it was necessary to achieve strict compliance with the six-week rule for the issuance of pre-session documentation. His delegation therefore endorsed the recommendation in paragraph 25 of the Committee's report, to which it would add that, in evaluating availability, no document issued even immediately after the deadline should be regarded as being on time. It also strongly supported the recommendations in paragraphs 26 and 27 of the report, since, in order to establish a cost-effective meetings schedule, it would be most helpful to have a historical perspective of the utilization of conference-servicing resources and a notional cost-per-hour of meeting time.

92. With respect to the effective use of conference resources, his delegation supported the recommendations in paragraph 35 of the report of the Committee on Conferences. In that connection, it concurred with the representative of the United Kingdom, who, in her statement on behalf of the European Community, had strongly urged the Secretariat to include in its sectoral analyses areas in which requirements had decreased, as it had neglected to do in its report to the Committee on Conferences at its substantive session in August. Since inter-agency exchanges of conference resources helped to optimize their use at the system level, his delegation noted with appreciation that the Secretariat was negotiating with the United Nations Industrial Development Organization (UNIDO) to establish a unified conference service at Vienna. However, it was for Member States to formulate the guidelines for the operation of such a service. Of course, the representatives of the secretariats of the two organizations should take part in the consultations in their ex officio capacity.

93. With respect to the control and limitation of documentation, his delegation thought it necessary to reduce the number and length of documents. Subsidiary bodies already complying with the 32-page limit should continue that practice, and those that had not been able to achieve compliance should make every effort to do so. The recommendation in paragraph 59 of the Committee's report was of interest in that regard. Since the training programmes in question related to staff, they should be provided or supervised by the Office of Human Resources Management. His delegation also endorsed the recommendations in paragraphs 66 and 77 of the report of the Committee on Conferences.

94. Like many others, his delegation had been somewhat disappointed by the report on the review of the Office of Conference Services (A/47/336), and for that reason, it believed that the Advisory Committee's recommendations on that

(Mr. Inomata, Japan)

subject (A/47/7/Add.1) should be implemented. As for the policy on publications, it thought that the Secretariat should make greater efforts to eliminate duplication of materials published inside and outside the United Nations system and should give greater attention to cost-effectiveness. While it agreed in principle with installing a signalling system for use when there were time-limits on speeches, a realistic determination should be made as to whether such equipment was really needed before it was installed. With regard to the scheduled meetings of the Committee on Conferences itself, it strongly supported the recommendation in paragraph 112 of that Committee's report.

95. Applying new technologies to conference services was a valid objective only to the extent that it would improve productivity and efficiency. In her introductory statement, the Assistant Secretary-General for Conference Services had deplored the increase in the workload of the Office of Conference Services. According to the proposed programme budget for the biennium 1992-1993, the appropriation for "Rental and Maintenance of Furniture and Equipment" had increased by about 35 per cent, going from \$2.5 million in 1988-1989 to \$3.1 million in 1990-1991 and \$4.2 million in 1992-1993. Most of those allocations were for technologies such as computers. His delegation believed that the greater productivity and efficiency made possible by such technologies should more than make up for the increased workload and staff reductions.

96. Mr. ABDULGANI (Yemen) said that the increased role that the Secretary-General proposed for the Organization in the area of peace-keeping implied increased activity by the Security Council and other bodies and a consequent increase in the number of meetings and conferences held under United Nations auspices for which meetings services would be required. His delegation was aware of the Organization's critical financial situation, but wished to call attention to the question of the recruitment of freelance translators and interpreters and the increasing reliance on contractual translation, when there was no lack of either vacant posts in the Office of Conference Services or of candidates suitable for recruitment on the basis of equitable geographical representation. In any event, it was surprising that the overprogramming of meetings led to the recruitment of more freelance interpreters. His delegation would like to know the number of freelance translators and interpreters recruited for the six official languages and the financial implications of that practice.

97. Member States had the sovereign right to request documentation and to submit reports to the Organization; the Committee's recommendation that the General Assembly should request them to exercise restraint in that area (A/47/32, para. 58 (b)) therefore seemed unreasonable. According to the draft revised calendar of conferences and meetings (A/47/32, annex), some bodies were still not provided with translation services in the six official languages. Purely out of a concern to strengthen the principle of parity among all the official languages, including Arabic, his delegation would like to know if that principle was still respected in the preparation of the

(Mr. Abdulgani, Yemen)

calendar of conferences and meetings and of summary records of meetings of various bodies, and in the provision of interpretation services.

98. Mr. DANKWA (Ghana) noted that the Committee on Conferences had adopted all its decisions and recommendations by consensus, which should enable the Fifth Committee to dispose of the item quite rapidly. He paid tribute to the dedication of the staff of the Office of Conference Services and urged it to continue its determined efforts to cope with increasing workloads under difficult circumstances. With regard to the calendar of conferences and meetings, the Committee and the Office of Conference Services (OCS) had been able to accommodate all requests for departures therefrom without additional administrative and budgetary implications, but the bodies concerned, particularly those which had requested extensions of meetings, should carefully review their requirements in order to introduce greater stability into the calendar.

99. His delegation was in a position to accept the recommendations of the Committee on Conferences contained in paragraph 9 of its report, and it welcomed the request to the Commission on Narcotic Drugs and ACABQ with regard to their schedules of meetings. The Committee on Conferences should pay particular attention to the concept of overlapping, taking into account not only the constraints on the Secretariat, but also the needs of delegations, particularly those of developing countries, which must be enabled to participate in all conferences and meetings.

100. As far as the utilization of conference services was concerned, his delegation was happy to note that the overall utilization factor for 1991 was 78 per cent, three points above the benchmark figure. The proposed experimental methodology was expected to reflect the utilization rates more accurately, and the meeting ratio and planning accuracy factor should allow subsidiary organs to determine their needs more precisely. The assessment of the availability of pre-session documentation through both a compliance index and an availability index was an improvement on the experimental methodology. His delegation therefore had no objection to the recommendations of the Committee on Conferences in paragraphs 23 and 24 of its report. The initiative taken by OCS with a view to improving the coordinated planning of such services was commendable, but considerations of comparative cost, particularly the possibility of using local resources, including freelance translators and interpreters and other staff, should be taken into account.

101. His delegation appreciated the rationale behind the General Assembly's appeal to Member States to exercise restraint in their requests for the circulation of communications as United Nations documents, and it had taken note of the information provided by the Secretariat on that matter. It would therefore not object to the recommendation contained in paragraph 53 of the Committee's report, but it wished to emphasize that, apart from the sovereign right of Member States to request that their communications should be distributed as official documents, the General Assembly, should not take any

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(Mr. Dankwa, Ghana)

action likely to hinder or disrupt the free flow of information among Member States, even at the collective expense of the Organization. As for compliance with the desirable 32-page limit for the reports of subsidiary organs, the Committee on Conferences had taken the right step in its request to the Secretariat, in cooperation with the United Nations Institute for Training and Research (UNITAR), to incorporate information on the preferred format of reports into briefings and training programmes for new delegates and relevant Secretariat officials. With regard to pre-session documentation, the inability of the Secretariat to comply with the relevant General Assembly resolutions could be explained by the late submission of documents by substantive departments and the priority given to Security Council documents as well as the increasing use of Secretariat staff in field missions, notably peace-keeping operations. In the view of his delegation, priority must be given to full compliance with General Assembly resolution 46/190. The submission of documentation by substantive departments and the field assignment of OCS staff should, accordingly, be reviewed. Otherwise, even spectacular changes in technology would not produce the desired results.

102. His delegation agreed with the conclusion of the Committee on Conferences that the report of the Secretary-General on the Office of Conference Services provided a good description of the problems the latter faced. It hoped that the Fifth Committee would assist OCS in resolving those problems, especially in the context of the programme budget for 1994-1995. The report might contain gaps in relation to the expectations and preconceived ideas of certain delegations, but it must be kept in mind that it was OCS and not the Committee on Conferences which was under review. Therefore, at the current stage, his delegation could only endorse the request of the Committee in paragraph 100 of its report and reiterate that ultimately it was for the relevant subsidiary bodies to determine their meetings-servicing needs. Turning to the report on the installation of an appropriate signalling system when the speakers' time was limited (A/47/287), his delegation, while noting that the report of the Secretary-General demonstrated the feasibility of such a system, was not persuaded of its usefulness. In any event, his delegation was of the opinion that the length of statements in the General Assembly had not become such a problem that an expenditure of that magnitude was warranted.

The meeting rose at 1.30 p.m.

UNITED NATIONS
General Assembly
FORTY-SEVENTH SESSION
Official Records

FIFTH COMMITTEE
11th meeting
held on
Friday, 23 October 1992
at 10 a.m.
New York

SUMMARY RECORD OF THE 11th MEETING

Chairman: Mr. DINU (Romania)

Chairman of the Advisory Committee on Administrative and
Budgetary Questions: Mr. MSELLE

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OTHER MATTERS

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 110: PATTERN OF CONFERENCES (continued) (A/47/7/Add.1, A/47/32, 287 and 336; A/C.5/47/1)

1. Mr. WIBISONO (Indonesia), referring to the report of the Committee on Conferences (A/47/32), said that his delegation noted with satisfaction that the utilization rate of conference services had exceeded the 75 per cent target in New York, Geneva and Vienna but it thought that additional efforts needed to be made so that all the organs of the system achieved that result. It supported the Committee's recommendations on the draft revised calendar of conferences and meetings for 1993, in particular the recommendation that the timing of the twenty-sixth session of the United Nations Commission on International Trade Law (UNCITRAL) should be changed to avoid overlapping with the World Conference on Human Rights. With regard to the improvement of the organization of work and effective use of conference resources, his delegation agreed with the Committee that it was necessary to develop further the system of global planning and coordination. The Secretariat reports on trends in meetings and documentation requirements should moreover be presented in a more consistent and comparable manner and include a sector-by-sector analysis.

2. Indonesia was in favour of the installation of a signalling system at headquarters locations and in the regional commissions, as outlined in document A/47/287, and thought that the portable system seemed to be the more desirable option. It supported the Committee's recommendations concerning the six-week rule for the issue of pre-session documents and requested that resolution 46/190 should be fully implemented.

3. Mr. FRANCIS (Australia) recalled that in paragraph 28 of resolution 46/190 the General Assembly had called upon the Committee on Conferences to continue to explore ways and means for a more effective application of the relevant recommendations contained in the report of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations (Group of 18), as approved by the General Assembly in its resolution 41/213. But the Committee's mandate as set out in resolution 43/222 B did not allow it to control effectively the allocation and utilization of conference resources. It was hardly possible to expect any improvement in that regard until the Committee's mandate was expanded and strengthened. While the responsibility for redefining the mandate rested largely with Member States, it was nevertheless regrettable, as the United Kingdom delegation had pointed out, that the Committee's report did not respond to the request made in resolution 46/190. His delegation would like the Chairman of the Committee on Conferences to clarify that point.

4. With regard to the calendar of conferences and meetings, the request contained in paragraph 3 of resolution 46/190 for the Committee on Conferences and the Secretariat to analyse alternative scheduling arrangements for the substantive session of the Economic and Social Council had not been

(Mr. Francis, Australia)

addressed. The views of the Chairman of the Committee on that point and on the implementation of the provisions concerning the utilization rate of conference services would be welcome. It also appeared that the calendar of conferences did not really take into account the Organization's priorities. For that reason his delegation believed that it would be instructive, as recommended at a recent seminar on budget methodology, for budget documents to show how conference-servicing costs were apportioned among the various substantive programmes.

5. With regard to the problems raised by the Secretary-General in his review of the Office of Conference Services (A/47/336), his delegation appreciated that there had been a significant additional demand for services and it repeated that the prior condition, if the aims were to increase the effectiveness of the Office, distribute meetings more evenly over the year and reduce the number of meetings convened or cancelled at short notice, was to strengthen the Committee on Conferences.

6. The late issue of documents, often involving the postponement of meetings, were a source of particular concern. The Office should try to assemble the list of documents for each meeting earlier and obtain the contributions of author departments quickly. It must also establish a clear order of priority for the translation of documents. His delegation would like the Assistant Secretary-General for Conference Services to respond to its comments.

7. Australia supported the proposal to install a signalling system to limit the length of statements but thought that the proposed systems were too costly. It was in favour of calculating a notional cost per hour of meeting time and making greater use of summaries of substantive Secretariat documents.

8. Mr. MERIFIELD (Canada) said that the title of agenda item 110 should be changed to read "Coordination and management of the United Nations conference and documentation facility" in order to describe more accurately the role of the Committee on Conferences. The Committee had a dual function: to present guidelines to the intergovernmental bodies on how to use the facility to the maximum benefit; and to help the Office of Conference Services to respond better to the needs of Member States. The Committee had fully carried out its mandate as stated in resolution 43/222, but it was now necessary to decide whether there was any further purpose in limiting its coordination role.

9. The Committee had recommended to the General Assembly that it should request all subsidiary bodies to seek the opinion of the Office concerning the availability of conference services before setting the dates of future sessions; his delegation thought that such a procedure should be obligatory. Much time was spent in seeking to perfect the methodology for measuring the use of conference services by intergovernmental bodies, but one thing was clear: many scheduled meetings were cancelled and conference facilities were persistently booked by bodies which did most of their work in informal

(Mr. Merifield, Canada)

consultations. The Committee on Conferences must be given sufficient authority to intervene in such cases. Similarly, it ought to have the power to reject documents which did not comply with the rules for the control of documentation.

10. His delegation was glad that the Committee on Conferences had itself examined the functioning of the Office of Conference Services. It thought that the Secretariat should encourage the adoption and use of new technologies, for they helped to increase efficiency, as the example of the Journal showed. Of course, staff members would be more productive if they were properly trained in the new techniques.

11. Finally, Canada thought that delegations tended to forget the cost of services. In that connection the proposal contained in the report on the prototype of a new budget format (A/C.5/47/3) for distributing common services on an indicative basis would help to instil discipline. It supported the recommendations of the Committee on Conferences and hoped to see its mandate strengthened.

12. Mrs. CESTAC (Assistant Secretary-General for Conference Services), replying to the many questions and comments of delegations concerning conference services, said that it was true that the Secretary-General's report on the review of the Office of Conference Services did not contain any information about changes in staffing levels and workloads in the Office's various units over the past five years, but that was because the information already appeared in the proposed programme budgets for the last three bienniums and in the reports on the implementation of the programme budgets for the past two bienniums. However, in order to facilitate the Committee's work, the Office would reproduce the information in a working paper which would also show the impact of the freezing of a number of posts. To take for example the figures for the Translation Division: at 31 July 1992 the number of Professional posts was 18 per cent below the level approved in the programme budget for the biennium 1986-1987; the Division's output in 1991 had exceeded the 1990 level by 10.7 per cent, the 1989 level by 13.11 per cent, and the 1987 level by 9.4 per cent. The increases in output in the first half of 1992 over the first half of 1991, 1990, 1989 and 1988 were 8, 20.13, 19 and 25.3 per cent respectively.

13. As to the calculation of the cost per hour of meeting time which the Secretariat was to submit to the Committee on Conferences in 1993, it was clear that the choice of the elements to be used in calculating the indicative cost would require detailed analysis; the elements in question would be described in detail in the document to be put before the Committee on Conferences in 1993. However, she could already say that the indicative cost would be different from the expenditure estimates based on overall costs which appeared in statements of programme budget implications: such statements included only staff costs, whereas the indicative cost of an hour of meeting time would also take into account the costs of security services, electricity,

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overheads, etc. As to the calculation of the cost per page of documentation, one document page of 330 words issued in six languages cost approximately \$715 (which included the cost of translation, revision or self-revision, typing, reproduction and distribution) on the basis of the unit costs currently in force.

14. On the subject of publications, firstly it should be recalled that policy in that area was determined, on the basis of General Assembly guidelines, by the Publications Board and that a report on publications policy would be submitted to the General Assembly at its forty-eighth session. One representative had stated that projections indicated that publications sales over the current biennium would show a deficit of almost \$1 million. Since the preparation of the proposed programme budget for 1992-1993, audited statements of income and expenditure relating to sales publications had been issued for the biennium 1990-1991 indicating that sales over the biennium had generated a net profit. A profit was now also forecast for the current biennium. The Advisory Committee referred to those results in its first report on the proposed programme budget for the biennium 1992-1993 (para. IS3.17).

15. One representative had questioned the utility of issuing certain publications with glossy covers. Such covers were usually limited to publications intended for sale, since they helped to make them more attractive and increase sales figures. Glossy covers were also stronger than ordinary covers, which was particularly useful in the case of frequently consulted reference works, such as the World Economic Survey. It was true that a certain number of sales publications were distributed free of charge, largely to Member States. Nevertheless, use of an ordinary cover for complimentary copies and of a glossy cover for sales copies would involve additional expense and increase production time. Moreover, the Secretariat's print shops were now equipped to produce glossy covers, which substantially reduced their cost. Publication circulation lists were regularly updated on the basis of replies to a questionnaire sent to the missions of Member States and the various Secretariat services. If the questionnaire was not returned or not properly completed, as sometimes happened, the details of the recipients of United Nations publications and the number of copies to be sent could not be updated.

16. With respect to the production and processing of documentation, the Office made every effort to respect the rule for documents submitted to it at least 10 weeks before the beginning of a session, but the primary concern in determining the order in which documents were processed was not to disrupt the work of intergovernmental and expert bodies. Processing priorities needed to be constantly reviewed so as to take account on the one hand of the absolute priority accorded documents of the Security Council and its subsidiary organs, the volume of which had increased almost tenfold over five years, and on the other hand of the need to respond on the fly to requests for documents of bodies that were in session, which often needed to be processed in less than

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24 hours. In the final analysis, there could be no question of applying prescribed rules to the letter at the risk of paralysing the work of a particular organ. The fact remained that the Office's task would be facilitated by implementation of the recommendation of the Committee on Conferences that different organs should order their programmes of work to take account of the information contained in the reports on the status of documentation.

17. It had been suggested that the Office should formulate and implement new rules for the submission of documents by originating departments. But the Office already attempted as far as possible to ensure compliance with submission deadlines, regularly bringing the matter to the attention of departments. Without listing in detail the many causes of the late submission of documents, it was extremely rare for a delay to be attributable simply to some failing on the part of a particular individual. The Office was also actively engaged in ensuring compliance with the rules governing the length of documents, and, to that end, was cooperating with the editors in the secretariats of the General Assembly and of the Economic and Social Council as well as with the secretariats of other organs.

18. Some delegations had suggested that the entitlements of certain organs to summary records of their meetings should be reviewed. The matter would be dealt with in the context of the detailed report to be submitted by the Secretariat to the Committee on Conferences at its 1993 substantive session, a report which would review the criteria and guidelines on which decisions establishing current entitlements to summary records for meetings of subsidiary organs of the General Assembly had been based, and which would also contain an assessment of the validity of the guidelines.

19. The Russian delegation had expressed some concern regarding the quality of the documentation issued in Russian. It went without saying that the quality of translations, in all languages, was one of the Office's principal concerns. That was why translators were recruited on the basis of the results of an extremely selective international competitive examination. It must be recognized, however, that the increase in the volume of work of conference services, the diminished resources and the telescoping of priorities had an inevitable impact on the quality of output. The Office was doing its best to rectify the situation by improving its management and planning methods and by endeavouring to provide translators with more effective tools, including terminology databases and reference documents databases.

20. With regard to the impact of technological innovations on the productivity of conference services, an informal note for delegations indicated the savings that the introduction of certain technological innovations, including word processing and the Documents Recording, Information and Tracking System (DRITS), had occasioned. In that connection there were some striking statistics: since the introduction of word processing, which went back to 1980-1981, the volume of documentation to be

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typed had declined by some 7 per cent whereas, over the same period, the permanent staff had declined by 23 per cent and temporary staffing needs had declined by 70 per cent. It should be noted that technological innovations did not always have their full impact immediately upon introduction. Thus, in the area of translation, the application of technological innovations was still not sufficiently widespread, owing to a lack of resources, to have a substantial impact on productivity.

21. Every request for appropriations submitted by the Office with a view to introducing technological innovations was accompanied by a detailed cost-benefit analysis of the innovations, reflecting an in-depth assessment prepared by the Office and then by the Budget Division and the Programme Planning and Budgeting Board, the results of the analysis ultimately being submitted to the Advisory Committee and then to the Fifth Committee.

22. The pace at which new technologies were introduced clearly depended on the resources available to the Office to acquire equipment and software, install networks and train staff. Since resources were limited, it was necessary to proceed in stages, which explained, for example, as stated in the report of the Secretary-General on the review of the Office, that the introduction of workstations had had to be carried out unequally. Moreover, innovations were not in any way limited to services at Headquarters. The United Nations Office at Geneva (UNOG) had played a leading role in the development and implementation of the optical disk system, and had been the first to install an integrated library system and a computerized documents sorting and distribution system. Moreover, UNOG was in no way behind Headquarters in terms of replacing WANG word-processing software by WordPerfect software. Furthermore, the DRITS system would soon be fully operational at Geneva. The installation of the system at Vienna was complicated by the fact that the United Nations and UNIDO shared responsibility for conference services. It was clear, regarding the installation of systems developed by the Secretariat, such as DRITS, that it was far more logical and less costly for the introductory phase to involve only one centre and to perfect the system before installing it elsewhere.

23. As to the choice of technologies, since the resources available for the period 1992-1993 were limited, it was planned to finish converting the text-processing pools to the use of WordPerfect software, which would require replacing minicomputers with a network of microcomputers, for which resources had been allocated in the budget for the current period. However, no resources had been allocated to provide translators with networked workstations, which accordingly would be done at a later stage, following a pilot study to evaluate equipment and software features and carry out a cost-benefit analysis of such a project. As to the use of videoconferencing, the report on the review of the Office clearly stated that the option now easily could be reconsidered in the light of recent advances in the technology.

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24. Several delegations had emphasized the need to distribute meetings more uniformly throughout the year and to ensure that peak periods did not occur simultaneously at the three major conference centres. Those issues involved two key aspects of planning: the organization of the calendar of conferences and the organization of the programme of work of the various bodies. Guided by General Assembly resolutions which called for meetings, the Office prepared a draft calendar in close cooperation with the secretariats of the bodies concerned and endeavoured to distribute the meetings as uniformly as possible bearing in mind, on the one hand, the various requirements resulting from the resolutions and, on the other hand, the Secretariat's ability to process the required documentation. It obviously was up to each body to organize its own work. However, the Office reminded the secretariats of the various bodies of the existing directives and advised them on how to make optimum use of the resources allocated for conference servicing. In that regard, the implementation of the recommendation of the Committee on Conferences calling on intergovernmental bodies to seek the technical advice of the Office before making recommendations or taking decisions on the dates of their sessions would substantially facilitate the work of the Office.

25. With respect to the elaboration of uniform production standards for all organizations in the United Nations system, a draft report on the matter recently had been submitted to the Organizational Committee of the Administrative Committee on Coordination (ACC). Once the Committee had provided its comments, the final version of the report would be prepared with the assistance of the Budget Division and would be submitted to the Fifth Committee through the Advisory Committee.

26. As to the respective roles of ACC, the Consultative Committee on Administrative Questions (CCAQ) and the Inter-Agency Meetings on Language Arrangements, Documentation and Publications (IAMLADP) with respect to the coordination of conference services, CCAQ had not decided at its substantive session in 1991 that it could expand its activities to cover conference servicing. Although CCAQ had pointed out that it was important not to institute an arrangement for the consideration of technical issues that would duplicate the work of the Inter-Agency Meetings, it had indicated its willingness to consider those matters which the Inter-Agency Meetings decided should be referred to it. ACC, for its part, considered the conclusions and recommendations of the Inter-Agency Meetings whenever a General Assembly resolution so provided.

27. Turning next to the questions raised concerning the report of the Secretary-General on the review of the Office, she pointed out that several of the measures adopted by the Secretariat and described, for example, in section III of the report, were intended to resolve the problems to which the United States representative had referred. The report also clearly stated (para. 36) that other recommended measures could not be implemented within the resources allocated for 1992-1993. Details on those measures relating,

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inter alia, to the provision of workstations to all translators, the establishment of DRITS subsystems and the establishment at Headquarters of an automated document sorting, packaging and distribution system, were not included in that report. A cost-benefit analysis of their implementation would be carried out in connection with the preparation of the proposed programme budget for 1994-1995.

28. A number of recommendations concerning publications which had been made following the review of the Office also were not included in the report of the Secretary-General: they would be incorporated in the report to be submitted by the Secretary-General to the General Assembly at its forty-eighth session on the review of the overall publications policy of the Organization.

29. She wished to point out that the Management Advisory Service had participated very actively and directly in all stages of the review of the Office of Conference Services, including the elaboration of conclusions and recommendations. Those conclusions and recommendations had served as the basis for the preparation of the report of the Secretary-General, a report which, it should be underscored, contained the principal recommendations which the Office was in a position to implement on the basis of its mandate and given its current financial resources, as well as all the recommendations requiring decisions by Member States.

30. She welcomed the importance which delegations attached to compliance with the rules concerning delays in the issuance of pre-session documentation, the implementation of resolutions on the control and limitation of documentation and compliance with directives concerning the utilization of meetings services. She also noted with satisfaction that the Training Service of the Office of Human Resources Management had introduced a training programme on drafting for staff responsible for preparing documents and reports. Lastly, she emphasized that the Office of Conference Services comprised highly integrated elements and that effective management of the Office required a global approach and centralized planning, which fully justified the strengthening of the administration of the Office, as one representative had suggested.

31. In conclusion, she said that the observations made during the general debate showed the interest which delegations attached to the activities of the Office and demonstrated that the Committee fully recognized that conference services were a necessity, whether or not they were deemed a priority.

32. Mr. KARBUCZKY (Chairman of the Committee on Conferences) welcomed the interest the Committee had shown in all matters relating to conference services as well as the general support expressed for the recommendations of the Committee on Conferences. The fact remained that attendance had been relatively low at the Committee's substantive session in August. It would be helpful - and more constructive - if the members of the Committee on Conferences would take advantage of deliberations in that Committee itself to resolve some of the issues, rather than voice criticism in the Fifth Committee.

(Mr. Karbuczky)

33. A number of speakers had referred to the first three recommendations of the Group of 18 and had suggested that the Committee on Conferences should evaluate its work in the light of those recommendations. However, it was only recommendation 1 which dealt exclusively with the Committee on Conferences. It stated that the Committee should be strengthened and given broader responsibilities. He personally endorsed that recommendation. However, the deliberations on the matter in the Fifth Committee had led to the adoption of General Assembly resolution 43/222 B, which incorporated most of the specific tasks envisaged in the recommendations of the Group of 18 but did not give the Committee the authority to override decisions of intergovernmental organs. The Committee currently was not mandated to judge the substantive work of intergovernmental and expert bodies. Its task was to provide them with the required resources; to do so it depended on quantitative rather than qualitative assessments of such things as the rate of utilization of conference services. However, it could not on its own increase or decrease the resource entitlements of subsidiary organs. The current task of the Committee was to make appropriate recommendations to the Fifth Committee, which in turn took the action deemed necessary. It was up to delegations to decide if they were satisfied with that process.

34. The Committee was engaged in activities which clearly illustrated the progress achieved in the implementation of its present term of reference. Thus, at the three informal meetings held during 1992 it had monitored the Secretariat's work on the review of the Office of Conference Services, the notional cost of meeting time and the two indices on availability of pre-session documentation. The Committee also intended to intervene more directly in the work of subsidiary organs and to provide clear directives to the Secretariat. In particular, it would recommend that relevant costing information should be brought to the attention of members of all organs at the beginning of sessions, and had invited the Secretariat to incorporate existing rules and guidelines into training programmes and to provide more analytical assessments of trends in meeting and documentation requirements. It had also recommended that the Assembly should request intergovernmental organs to improve the planning of informal consultations and to seek the technical advice of the Office of Conference Services before deciding to make adjustments in scheduled sessional dates.

35. A number of speakers had expressed the view that the Committee should play a standard-setting role. The fact that it was already moving in that direction was demonstrated by its recommendations concerning the development of a model format for reports of subsidiary organs, the presentation of workload statistics including sector-by-sector analyses, and the study on criteria for determining which subsidiary organs should be entitled to receive written meeting records.

36. It had been decided that the analytical paper referred to in paragraphs 11 and 12 of resolution 46/190 would be presented to the General Assembly at its forty-eighth session. At the same time, the Committee had

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begun to review, on a preliminary basis, information provided by subsidiary bodies which had embarked upon the consultations called for in the resolution. The initial reading of that information had prompted the recommendation to subsidiary organs regarding the scheduling of informal consultations.

37. With regard to the proposal to raise the benchmark figure for the rate of utilization of conference-servicing resources, the Committee intended to review that indicator as well as others included in the various reports on meeting statistics when it came to consider the overall question of methodology after the completion of the three-year experimental period which had begun in 1990 and when all the necessary information had been received from the intergovernmental bodies concerned.

38. In connection with scheduling arrangements for the substantive session of the Economic and Social Council, the Committee had examined all the factors involved, including the reporting obligations of subsidiary organs, the Secretariat's capacity to provide conference services, the relevant rules of the Assembly and the Council, etc., and had concluded that the established schedule should be maintained. On the other hand, the twenty-sixth session of the United Nations Commission on International Trade Law had been rescheduled to 5-23 July 1993 to avoid any overlap with the World Conference on Human Rights.

39. As the previous Chairman of the Committee on Conferences had explained, the Committee did not seek to limit access of subsidiary organs to conference services; rather, it assessed the feasibility of accommodating requests as well as the factors that had contributed or could contribute to the need to seek exceptions. Those who suggested that the Committee merely rubber-stamped requests should not forget that the Committee's responsibility was to utilize its technical expertise to manage the meetings and documentation programme while fully respecting the mandates of subsidiary bodies.

40. He was informed that the Secretariat would present a statement of programme budget implications of installing a signalling system for enforcing time-limits established in accordance with the rules of procedure. Pending the submission of that report, the Committee on Conferences had preferred not to evaluate the cost-effectiveness of the various options.

41. Lastly, regarding the change in schedule of the substantive session for 1993, the decision to meet in late March and early April had been taken in consultation with the Secretariat, which had given assurances that the change would not disrupt the meetings programme envisaged for that period.

42. Mrs. CLIFF (United Kingdom) hoped that the conference room paper which the Assistant Secretary-General for Conference Services was to submit on the subject of staffing and workload developments in various branches of the Office of Conference Services would indicate clearly and separately those meetings which received conference servicing when available and those serviced by the permanent staff of the Office of Conference Services.

43. Mr. MAQTARI (Yemen) noted that the Secretariat had not answered the questions he had raised in connection with the use of Arabic. He wished to know why the opening statements of the Assistant Secretary-General for Conference Services and of the Chairman of the Committee on Conferences had been distributed in two languages only.

44. Mr. MICHALSKI (United States of America) said that his delegation would wish to see the report of the Management Advisory Service which had served as a basis for the review of the Office of Conference Services. He would also like to receive the information requested at the forty-fifth session concerning productivity standards applicable to conference services personnel and steps taken to improve productivity.

45. Mrs. CESTAC (Assistant Secretary-General for Conference Services), replying to the representative of Yemen, said that she made no distinction between languages. The question raised by the representative of Yemen involved the problem of the recruitment freeze. Recruitment being suspended at present, it had not been possible to fill all permanent posts. Once the freeze was lifted, the Secretariat would be able once more to organize international recruitment competitions. The reason why her opening remarks and those of the Chairman of the Committee on Conferences had not been translated into all the official languages was that they were unofficial documents. The other documents to be circulated to delegations, in particular those relating to statistics, would be conference room documents distributed in the six official languages.

46. Mr. MURUYAMA (Japan) thought that the question of the rate of utilization of conference services was a false problem if, as had been the case hitherto, the measure applied was the share of resources allocated to an organ which had actually been utilized. What should be measured was the rate of utilization of Secretariat capacity, including both servicing of meetings and documentation. Such statistics had never been furnished either to the Fifth Committee or to the Advisory Committee on Administrative and Budgetary Questions. Associating himself with the request made by the United Kingdom delegation, he said that any omission could be made good by supplying additional information.

47. Mr. MAQTARI (Yemen) said that the Assistant Secretary-General for Conference Services had not answered all the questions raised by his delegation. In paragraph 58 (b) of document A/47/32, Member States were requested to exercise restraint in requesting documentation and in the submission of their reports. However, States had a right to submit or request all the documents they deemed necessary. It should further be noted that in the draft revised calendar of conferences and meetings for 1993 appearing in document A/47/32 the emphasis was placed on servicing in four languages, namely, English, French, Spanish and Russian. Arabic and Chinese were still not mentioned.

48. Mr. MICHALSKI (United States of America), reiterating his earlier request, asked the Secretariat to confirm that the information and report he mentioned would be communicated to delegations for the informal consultations. With regard to the reply given to the representative of Yemen on the subject of language services, his delegation believed that a number of exceptions had been made to the recruitment freeze. He would wish to know whether those exceptions also applied to the Office of Conference Services. Furthermore, he understood that the recruitment freeze did not apply to temporary staff. Since a substantial part of the budget of the Office of Conference Services was earmarked for temporary staff, it ought to have been possible to recruit Arabic translators.

49. Mr. AHMED (Iraq) fully endorsed the remarks made by the representative of Yemen. He wanted to know whether the Assistant Secretary-General for Conference Services had been speaking in her personal capacity or on behalf of the Administration when she had said that she made no distinction between the six official languages. With regard to the report of the Committee on Conferences, as a member of that Committee his delegation had been obliged to join the consensus even though it did not agree with certain paragraphs of the report. He quite understood the restrictions placed on the conference services provided to certain bodies, such as a small group of experts consisting of five members and using only two languages, but wondered whether meeting records were still produced in the six official languages in the case of meetings where interpretation services were provided in only three official languages.

50. Mr. SPAANS (Netherlands) pointed out that it was not the General Assembly which had taken the decision to freeze recruitment, but the Secretary-General in his capacity as head of the Administration. He therefore saw no reason why the information on the subject requested by the representative of the United States could not be provided informally.

51. Mrs. CESTAC (Assistant Secretary-General for Conference Services), replying to the questions raised by the representatives of Yemen and Iraq, said that the language to which a body was entitled was determined by the resolutions establishing it. The principle of parity between languages applied to the services to which the body was entitled for a given meeting. Furthermore, for bodies where a distinction was drawn between working languages and official languages, it might be that the number of languages in which interpretation was provided was greater than the number of languages in which the summary records or minutes were drawn up. The information on languages appearing in the calendar of meetings was intended as a guide for a given period, and reflected the composition of the bodies during the period concerned. She also pointed out that she was not addressing the Committee in her personal capacity, but on behalf of the Secretary-General.

52. Mr. BAUDOT (Acting Controller) said that the Management Advisory Service was a service like any other and, in his view, it had been wrong to mention it by name in a resolution. Its contribution to the report of the Secretary-General had been in the form of a document which had not been published officially. If Member States really wanted to know the content of

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the document, it could be circulated to them in the form of a working document or an information supplement. With regard to the recruitment freeze, the representative of the United States was quite right in saying that it had no effect on the recruitment of temporary staff.

AGENDA ITEM 102: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/47/5 and Corr.1, vols. I, II and III, and Add.1-3, Add.4 and Corr.1, Add.5-7 and Add.8 and Corr.1, A/47/315, 460, 500 and 510)

53. Mr. MARUYAMA (Japan) said that the findings of the audits conducted by the Board of Auditors were alarming with regard both to financial aspects and management. Little had been done to end the irregularities which had persisted for many years and the number of officials dismissed for fraud seemed to be growing.

54. He deplored the fact that the Board's recommendations had not been systematically applied. At a time when the Organization's role on the international stage was growing, particularly in the field of peace-keeping, full financial accountability for the utilization of resources was essential in order to retain the confidence of Member States. The Administration should immediately investigate the anomalies revealed in the Board's reports and, on the basis of its findings, propose corrective measures. He supported the proposal made by the representative of the United States that an expanded audit of the accounts should be undertaken for the financial year 1990-1991.

55. He also considered that an institutional mechanism should be introduced as a matter of urgency to prevent and punish fraud by means of stricter disciplinary measures and legal action. In that connection, it was important to enhance interaction between the Board, the Administration and Member States. He welcomed the development of a plan of action at UNDP which included deadlines for following up the Board's recommendations. ACABQ also had a crucial role to play and should propose measures to the General Assembly aimed at ensuring implementation of those recommendations. Where appropriate, it should also be given access to the findings of the internal auditors and the Board's management letters. The Secretary-General's proposal to establish an inspector-general's post should be discussed in due course.

56. He was concerned that the problem of insufficient audit evidence regarding expenditure committed by executing agencies still persisted in UNDP and UNFPA, which had again prevented the Board from issuing an unqualified audit opinion. It was particularly regrettable since the reporting cycle for audits had been biennialized in 1989 specifically in order to allow those organizations to obtain timely audited statements. Since it appeared that the biennialization of the reporting cycle had led to a relaxation of financial and budgetary control, his delegation proposed that the procedure should be suspended to enable the General Assembly to consider the findings of the proposed expanded audit of the 1990-1991 accounts at its next session.

57. Mr. NIWA (Assistant Administrator, Bureau for Finance and Administration, United Nations Development Programme) said that UNDP took the recommendations of the Board of Auditors and the Advisory Committee very seriously and had initiated a number of important initiatives with the approval of the Governing Council to improve management, with a constant concern for cost-effectiveness. Corrective action in response to comments raised by the auditors was taken immediately following the reporting of those comments to UNDP. Progress had already been achieved in some areas.

58. In line with the measures taken by the United Nations (A/47/510), UNDP had issued a circular in April 1992 establishing a mechanism for confidential notification by staff members of any case of fraud or presumptive fraud involving the improper use of funds. Also, internal controls had been enhanced through the establishment of an ad hoc committee to review cases of possible abuse, on whose recommendation corrective action had already been taken.

59. Regarding the 16 cases of fraud or presumptive fraud mentioned by the Board of Auditors, UNDP itself had detected them and had taken steps to deal with them, including disciplinary action and legal action to recover the misappropriated funds. The control mechanisms did, therefore, work, and the charge of laxity was not justified.

60. The UNDP Administrator had been congratulated by the Governing Council for his budget strategies for the bienniums 1992-1993 and 1994-1995; they had already resulted in cost savings, notably through constraints on administrative expenditures, and would result in further cost reductions in the future, thus responding positively to the concern expressed by the Advisory Committee in paragraph 70 of its report (A/47/500). In paragraph 98 of its report, ACABQ had recommended improvements in the project appraisal and approval procedure in the regional bureaux, which had in fact been streamlined and decentralized.

61. UNDP could not solve by itself the problem of tardy receipt of audit statements and certificates from executing agencies, but, as noted by the auditors, it was important to stress that, except for minor adjustments, the audited statements agreed with the unaudited ones. UNDP had made considerable efforts to establish audit guidelines for nationally executed projects. While audit certificates were not all received prior to the closing of UNDP accounts, most audit reports were received. The change in the regulations requiring each project to be audited at least once, and major projects at least biennially, should alleviate the problem to some extent. That notwithstanding, UNDP was continuing its efforts to ensure timely reporting.

62. Some UNDP staff had participated in a working group on accounting standards and principles and the draft report of that working group had been reviewed by members of the Consultative Committee on Administrative Questions in September 1992, but had not been found acceptable; the revised draft was expected to be presented to the Joint Panel of External Auditors.

(Mr. Niwa)

63. As promised (A/47/5/Add.1, para. 148), revised guidelines on the rules and procedures governing contracting of consultants would be issued by the end of the year to all units concerned. With regard to the need for more adequate contractual devices, UNDP had already commenced to design the new contractual arrangement and had begun consultations with the International Civil Service Commission.

64. Special leave with full pay was granted in only a limited number of cases, when clearly justifiable and in the full interest of UNDP, in connection with agreed terminations of staff. It was correct that the process had sometimes not been properly documented, but management had put in place in 1992 a procedure to handle each such case. Strict procedures had been implemented to avoid ex post facto requests for consultant contracts.

65. UNDP recognized the problems concerning property and inventory management and was conducting a review of the relevant procedures and guidelines; it expected to be in a position to improve them soon, in particular with regard to delegation of authority and responsibility.

66. Following the recommendations made by the Board of Auditors, UNDP had taken immediate action to modify its financial regulations and rules on internal audit. Remedial measures had been taken to respond to concerns that audit coverage had been less than desired, and a pilot scheme involving a regional service centre was being established to expand audit coverage of field operations. With respect to the need for keeping audit and operational functions strictly separate, a review was under way and should confirm that those functions did not involve any conflict of interest.

67. The list of areas in which UNDP had taken corrective action would be too long to go through in detail, but the examples given demonstrated the progress that had been made and the Programme's determination to continue in the same vein.

OTHER MATTERS

68. Mr. SPAANS (Netherlands) asked the Acting Controller why the only agenda item indicated on the front of the report of the Secretary-General concerning the request to the United Nations to observe the referendum process in Eritrea (A/47/544) was agenda item 97 (b). He would like to know by what means the matter would be brought before the Fifth Committee.

69. Mr. BAUDOT (Acting Controller) said that the Fifth Committee's role would be to review the statement of financial implications drawn up by the Secretariat once the Third Committee had taken a decision.

The meeting rose at 1.10 p.m.

UNITED NATIONS
General Assembly
FORTY-SEVENTH SESSION
Official Records

FIFTH COMMITTEE
12th meeting
held on
Friday, 23 October 1992
at 3 p.m.
New York

SUMMARY RECORD OF THE 12th MEETING

Chairman: Mr. DINU (Romania)

Chairman of the Advisory Committee on Administrative
and Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 102: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND
REPORTS OF THE BOARD OF AUDITORS (continued)

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The meeting was called to order at 3.30 p.m.

AGENDA ITEM 102: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/47/5 and Corr. 1 (vols. I, II and III), and Add. 1-3, Add. 4 and Corr. 1, Add. 5-7, Add.8 and Corr. 1, A/47/315, A/47/460, A/47/500 and A/47/510)

1. Mr. MICHALSKI (United States of America) said that his delegation welcomed the response by the UNDP Administrator to the external auditors' comments and reports. He trusted that the Administrator would continue to rely on the external auditors' comments as a management tool, and looked forward to receiving updates on progress made. Other organizations would do well to emulate the transparency evidenced by UNDP in terms of policy reviews and recognition of the need for action.

2. With respect to the continuing refusal by some agencies to conclude standard basic executing agency agreements with UNDP, and the comments of the Advisory Committee that the Consultative Committee on Administrative Questions (Finance and Budget) was reluctant to pursue the matter in the absence of a formal recommendation by the Panel of External Auditors, he asked whether the Committee must wait for the Panel to act or whether the issue could be addressed in the relevant resolution of the General Assembly at the current session.

3. Concerning the low rate of auditing of nationally executed projects referred to by the Advisory Committee, his delegation was disappointed at the scant progress made in increasing audit coverage, and trusted that the measures taken to streamline procedures would not further weaken audit coverage.

4. The auditors had noted that a large number of travel advances remained outstanding for more than a year, in which connection he asked whether UNDP, when granting new travel advances, reviewed the status of outstanding advances to ensure that anyone who might owe money in respect of travel would not receive further travel advances.

5. Further to the case referred to in the financial report on UNDP (A/47/5/Add.1, para. 113)) concerning an accident involving a UNDP vehicle used for private purposes by the wife of a former United Nations official, he asked whether UNDP would normally authorize the use of official vehicles in such circumstances. He inquired whether the driver had since recovered and trusted that the driver had not been asked to pay for the damage to the vehicle. In general, his delegation shared the concern expressed by others regarding property control at UNDP and throughout the system.

6. His delegation understood that UNDP employed a number of retired staff members who were not United States nationals under consultancy agreements at nominal rates, with the aim of securing G-4 visas for the individuals

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concerned. Such a practice would infringe United States immigration regulations. He asked UNDP to provide a list of all such individuals.

7. His delegation would welcome clarification of the case identified by the Board of Auditors in which a staff member had been paid \$80,000 over a period of several months although the individual had not performed any services for UNDP. It would be of interest to know whether other such instances had come to the Board's attention.

8. Lastly, with regard to the six cases of special leave with full pay, which had led to the payment of more than \$720,000 up to April 1992, he asked who had been responsible for authorizing the leave, and whether those concerned would be held financially accountable.

9. Mr. KINCHEN (United Kingdom), on the subject of new contractual arrangements at UNDP for short-term staff said that the Advisory Committee had referred in its report (A/47/500) to the revised budget estimates for the biennium 1992-1993 (DP/1992/40) and to its own related report (DP/1992/39). His delegation thought it important for the report to refer to all relevant documents submitted to the Governing Council as well as to the discussion in the summary records of the Governing Council.

10. Mr. CLAVIJO (Colombia) welcomed the information provided by UNDP regarding the auditing of nationally executed projects. The move by UNDP towards a programme-based approach would imply changes in the corresponding audit approach, and would allow for greater involvement by Governments. He wished to know how far UNDP had progressed in considering the adjustments that would be necessary in terms of programme-based auditing within the context of nationally executed projects.

11. Mrs. SHAM POO (United Nations Children's Fund (UNICEF)), responding to questions from delegations, said that UNICEF, along with other agencies, provided salary allowances and other incentives to government employees in programme activities. UNICEF agreed that there was a need for a consistent policy in that regard, the most appropriate forum for consideration of the issue being the Joint Consultative Group on Policy (JCGP). A working group had already been established to address the issue, with the aim of agreeing on a common approach that would result in transparent, equitable and coordinated support for government staff.

12. With regard to the internal audit function at UNICEF, the Executive Director of UNICEF had recently clarified the objectives, authority and responsibilities of the internal auditors, and had reminded UNICEF offices that they were responsible for taking effective corrective action in response to internal audit recommendations. UNICEF had established a high-level Internal Audit Committee to review internal audit reports and monitor corrective action, and the agency also attached importance to the recommendations of the external auditors. UNICEF had now filled all its internal auditing posts.

(Mrs. Sham Poo)

13. With regard to control of non-expendable property, UNICEF had now received a physical inventory reconciliation of non-expendable property from all but one office, and an accounting instruction had been issued describing reporting procedures for the purchase and disposal of such property. Starting with the current biennium, the value of non-expendable property would appear as a footnote in UNICEF financial statements. The latest version of the Global Field Support System, used to monitor the status of programmes and related expenditures, was due to be released at the end of October.

14. UNICEF agreed that financial accountability was important, and the Executive Director had recently called for all staff to support the working group on financial accountability established by the agency. The working group was reviewing existing financial controls, the organization's structure and process of delegation, the clarity of authorities and responsibilities, system procedures, and the adequacy of the financial rules and regulations. The group's aim was to clearly define external accountability obligations and the delegation of financial authority within the agency. Senior management at UNICEF were fully committed to improving financial accountability. UNICEF's decentralized, country-based approach posed special challenges in terms of financial and management control, a top priority throughout the organization.

15. Ms. HENKIN (United Nations Population Fund (UNFPA)) noted that UNFPA had received a qualified audit opinion at the forty-sixth session, as well as at earlier sessions, for having failed to provide audited statements for programme expenditures from all of its executing agencies. The issue had been of considerable concern to UNFPA, which had sought to obtain the timely submission of audit certificates and statements of expenditures from United Nations executing agencies. All specialized agencies had complied with the Fund's requests, with the exception of one, which had requested an extension to mid-1992 as a result of difficulties with the upgrading of its computerized accounting systems. As the Board of Auditors had noted, the proportion of expenditures supported by audit evidence for the period 1990-1991 was 82 per cent, a figure that was much improved over earlier years. The figure for the biennium would have been 100 per cent had the one agency in question been able to submit its statements.

16. Regarding the request in General Assembly resolution 46/183 for UNDP executing agencies to conclude standard basic executing agency agreements that would provide for appropriate accountability, UNFPA had proposed to the Governing Council the adoption of a new regulation, patterned after UNDP financial regulations, to govern agreements between UNFPA and United Nations executing agencies. The Governing Council had subsequently approved the new UNFPA regulation.

17. In accordance with paragraph 17 (b) of resolution 46/183, concerning reporting by staff members on a confidential basis of inappropriate use of resources, the Fund had written to all staff members on the subject. It continued to urge UNFPA field offices to arrange for regular audit exercises

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and to request special audits or management reviews whenever there were indications of possible impropriety and it encouraged field staff to report such cases to the local UNFPA representative or on a confidential basis to headquarters. As recommended by the Board of Auditors, the control of property entrusted to any executing agency was being strengthened, and the subject had been included in the texts of agreements between the Fund and United Nations executing agencies.

18. The representatives of Canada and Sweden had questioned the significance of the role of senior management in UNFPA audit activities. Much progress had been made since the auditors had raised the matter: internal and external audit reports were regularly discussed at Executive Committee level, and speedy corrective action was taken where necessary; the Board's recommendations were also discussed at regional meetings with field staff and at all briefings of representatives and country directors; there had also been discussions with the UNDP Division of Audit and Management Review, and the resulting plans for the Fund's internal audit activities were being implemented. UNDP continued to perform those activities, but recruitment had started for the new UNFPA internal audit unit.

19. On the question of trust fund activities, internal controls were being strengthened with respect to project expenditures and compliance with the relevant agreements. The overexpenditure in two trust funds noted by the auditors had been due to delays in the recording of receipts of funds.

20. The Board had indicated that procurement services to a Government should be provided on a sound legal basis, and the Fund had consulted the General Legal Division with regard to the steps to be taken. It would sign formal agreements with the Governments concerned and submit amendments to its financial regulations to the next session of the Governing Council. Under one new regulation, procurement services could be provided only on the basis of full payment in advance.

21. Income projections would be revised downwards to ensure prudent financial management of programmes, and a conservative approach had been taken in the work planned in that area. The necessary balance would also be maintained between administrative and programme expenditures, with total expenditures kept in line with resources.

22. The Board had not commented on paragraph 14 (b) of resolution 46/183 concerning guidelines for the delineation of expenditures. The Fund had in fact begun to address the issue before it was raised in the General Assembly. Some new guidelines had been approved by the Governing Council in decision 86/35. More recently the Fund had implemented other specific guidelines concerning, for example, official travel. They had been dealt with in document DP/1991/35 and in Council decision 91/37. A policy on the delineation of publication costs relating to programme, programme support and administrative costs had been issued in document DP/1991/37 and endorsed by

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the Council in decision 91/36. The Administration believed that it had thus complied with the General Assembly resolution.

23. UNFPA recognized that proper follow-up of the Board's recommendations would lead to better management and resource utilization and that the Fund's managers were accountable for every phase of operations. It hoped that the concerns raised by delegations had now been satisfied.

24. Mr. ROMERO-PEREZ (Office of the United Nations High Commissioner for Refugees (UNHCR)) said that the report of the Board of Auditors had highlighted irregularities and deficiencies in financial control and programme monitoring attributable to both UNHCR and its operational partners. UNHCR took those findings very seriously, and decisive responses had been initiated. The nature of the work and the conditions in which the Office and its partners had to operate left them vulnerable to abuse and inefficiency. However, the High Commissioner had recently stated in the Executive Committee that the Office must constantly look at ways of better managing and utilizing its resources. UNHCR was determined to correct the problems, including the cases of mismanagement and fraud referred to by the representative of the United States.

25. The Office was improving procedures and controls to detect irregularities to create a culture of transparency and accountability in the management of resources. It was also seeking to enhance its programming skills and was determined that improved financial accountability would be matched by improved programme delivery. The Office had created two posts of management inspector responsible for preventing irregularities. It was pursuing with the United Nations Secretariat the question of establishing a special unit in the Internal Audit Division in Geneva with a view to obtaining the complete audit coverage which UNHCR now needed. It was also continuing to recruit senior financial, technical and administrative staff to upgrade the Office's skills, as well as continuing with the in-house training of much needed administrative staff.

26. Mr. NIWA (United Nations Development Programme (UNDP)), responding to the questions put by the representative of the United States, said that the Governing Council had signed a standard basic executing agency agreement with the World Health Organization and would sign one with the International Labour Organisation at the end of November; negotiations were continuing with the Food and Agriculture Organization of the United Nations. With regard to the comments by the Advisory Committee in paragraph 65 of its report, UNDP was itself awaiting a formal recommendation from the Panel of External Auditors.

27. The rate of auditing of nationally executed projects had been consistent at about 70 per cent, and the audit of new projects would not be weakened by the streamlined procedures. Since December 1991 travel advances had been paid at 80 per cent of the total amount; progress had been made in the clearance of advances, and outstanding amounts would be debited against the salaries of the

(Mr. Niwa)

staff members concerned. He could not give any more details about the accident involving a UNDP vehicle. The question of property control had been under review, and revised guidelines would be issued before the end of 1992.

28. Some retired staff members had indeed offered their services as consultants at nominal rates but they did all provide useful services. The number of cases was small, and specific details could be given to the United States delegation. With regard to the staff member who had been paid \$80,000 without his performing any services, it must be remembered that the programme employed some 8,000 staff and experts in 110 countries. Cases inevitably arose when staff members needed to be accommodated on an interim basis. There were currently 10 such cases, most of which would be dealt with in the imminent annual assignment exercise. Interim status did not mean that the staff members concerned were not providing any services. Over the past 10 years there had been fewer than 10 instances of special leave with full pay, all involving very important staff members and strictly in the interest of UNDP. There had been no inappropriate action by the approving officials.

29. The document references requested by the representative of the United Kingdom with respect to the new arrangements for consultants were DP/1992/40 and Governing Council decision 92/37. UNDP would be able to furnish the representative of Colombia with details of the new procedures for the auditing of programme appropriations.

30. Mr. MICHALSKI (United States of America) said that the representative of UNDP had given the impression that the six cases of special leave with full pay fell within the regulations, but paragraph 177 of the report of the Board of Auditors (A/47/5/Add.1) gave the opposite impression. Was there a difference of opinion on the point between the Board and the UNDP Administration?

31. In paragraph 133 of its report ACABQ noted a decline in UNICEF programme implementation from 80 per cent in 1990 to 69 per cent in 1991. There had also been an increase in programme liquidity. Did that indicate serious problems in programme management not discussed either by the Board or by the Advisory Committee in their reports?

32. His delegation was not convinced that UNDP or any other agency should take up the practice of making supplementary payments to government employees working in United Nations projects. It understood that UNDP was working with other agencies to devise a common approach but thought that the Committee should consider the matter further in the informal consultations. The practice should also be examined by the Board of Auditors.

33. The action taken by UNDP to improve its internal audit coverage was encouraging but the shortcomings remained as serious as those in the United Nations Secretariat. His delegation hoped that the action in question would satisfy the Board's concern. It would itself examine every United Nations

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agency to ensure that United States contributions to programmes were properly used.

34. Mr. KINCHEN (United Kingdom) pointed out, with regard to the question of the programme liquidity in UNICEF, that in paragraph 124 of its report the Advisory Committee agreed with the Board's recommendation that UNICEF should reassess its liquidity policy. His delegation would like to know what progress had been made with that reassessment and whether a report on the subject would be submitted to the next meeting of the UNICEF Executive Board.

35. Mr. ORR (Canada) asked whether the representative of UNICEF could quantify the amount paid in salary and allowances during the latest accounting period to government employees working in programme activities.

36. Mr. SPAANS (Netherlands) said that he was pleased to hear that in future income projections at UNFPA would be revised and made more realistic. He hoped that the next time the audit was discussed an unqualified opinion could be given. He welcomed the successful outcome of the consultations between the UNICEF Executive Board and the United Nations Secretariat and hoped that the improvements in budgetary and personnel procedures would be helpful in improving overall management.

37. Ms. HENKIN (United Nations Population Fund) said that every effort would be made to bring income estimates into line with expected contributions. She, too, hoped that an unqualified audit opinion could be given in future.

38. Mr. BAUDOT (Acting Controller), responding to questions raised during the debate, said that a number of delegations had expressed concern at the excess of expenditure over allotments amounting to \$28 million. Although that figure was equivalent to less than 2 per cent of the total budget, it was still considered unacceptably high. The main reason for expenditure exceeding allotments was inflation, which had been higher than anticipated. In addition, certain items of expenditure had not been controlled or monitored properly. There had also been additional salary costs beyond the Secretariat's control as a result of statutory salary increases approved by the General Assembly and expenses arising from the temporary relocation of staff in Iraq and Ethiopia. On the recommendation of the Advisory Committee, the General Assembly had now allocated \$15 million of the \$28 million, and had given authorization for the remaining \$13 million.

39. At the beginning of 1992, the Administration had been constrained by expenditure commitments of \$12 million already incurred at the end of 1991. Although those commitments were unavoidable, strict instructions had been given at the end of 1991 to ensure that no new expenditure would be incurred. Difficulties had been experienced in the control and follow-up of expenditure items and, although some progress had been made, tighter control was needed over the authorization of spending.

(Mr. Baudot)

40. Many delegations had called for the internal audit and its staff resources to be strengthened and had raised questions concerning its role and independence. The Internal Audit Division now had 62 posts, including three Professional posts added during 1992 which were funded from extrabudgetary resources and the support account for peace-keeping operations. In recent years, the Division's resources had been increased to meet its growing responsibilities. If further staff resources were needed, they could be made available through redeployment within the Department of Administration and Management. He noted that the Internal Audit Division was a separate unit and retained effective independence in its functions. With regard to the need for effective preventive control mentioned by the representative of Canada, he agreed that a proper balance should be struck between internal audit functions as such and the need for auditors to act as advisers in order to avert potential problems. He also acknowledged the need for more attention to be given to the follow-up of audit recommendations.

41. With regard to personnel administration, a number of remarks had been made concerning the payment of benefits and allowances, which represented an important part of staff costs and needed to be administered equitably, while seeking to avoid error and abuse. The main problem lay in the fact that administration of the system was highly labour-intensive and the only solution was to develop a fully computerized system.

42. On the question of the use of consultants and experts, the Secretariat was fully committed to the principle reiterated in paragraph 29 of the Advisory Committee's report (A/47/500) that outside expertise should be obtained only when similar in-house expertise was lacking. In general, authorization for recruiting consultants went through the Office of Human Resources Management and it was the responsibility of individual departments to confirm that assignments had been completed. Specific cases of alleged abuse were now being investigated in response to the request made by the Advisory Committee.

43. On the question of procurement, the rule was that only purchases exceeding \$20,000 were put out to tender. In 1990-1991, a total of 10,063 purchase orders were issued, of which 1,168 involved amounts over \$20,000 and thus were subject to competitive bidding. Indeed, 50 per cent of those orders had been awarded through the bidding process. Permitted exceptions to the competitive bidding rule were laid down in the Financial Regulations and included the purchase of medicines and medical supplies, cases where only one source for a product was available, or general cases of emergency.

44. With regard to property management, questions had been raised concerning the definition of non-expendable property and a number of delegations had felt that current policy was too lax. The current practice was that items costing less than \$1,500 and having a serviceable life of five years or more were considered to be expendable. A comprehensive physical inventory had been carried out in December 1991 and steps were now being taken to transfer

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accountability for non-expendable property to the various departments and offices concerned. The Advisory Committee's recommendation that an office should be designated as responsible for the custody of all documents of title for real property owned by the United Nations had been noted.

45. On the question of cash management and investment policy, he agreed that an official policy was needed to provide clear guidance for investment decisions. Replying to remarks concerning UNITAR by the representative of the United States, he noted that at present the Administration had no mandate to close the Institute without a clear decision by the General Assembly, which had decided to keep the question under review. The Administration was therefore required to do the minimum necessary to keep UNITAR alive. A report was to be submitted to the General Assembly with clear proposals concerning the debt owed to the United Nations by UNITAR and on the question of keeping the Institute open.

46. A report on the question of accounting standards (A/47/443) would be issued shortly and reflected the determination of all bodies concerned to introduce such standards as swiftly as possible.

47. With the exception of budgetary control, the solutions to most of the problems raised were technically simple and merely required the development of proper processes and attitudes within the Organization. Technical innovations would make for progress in many areas, but in other cases improvements in the information system were needed. In order to follow up the recommendations to be made by the General Assembly in its resolution, he suggested that the Department of Administration and Management should issue a memorandum setting out the action to be taken to implement the measures called for in the findings of the external audit.

48. Mr. MICHALSKI (United States of America) said that although his delegation did not question the integrity and devotion of the staff in general, it had, nevertheless, read the report of the Board of Auditors (A/47/5, vol. I), with great concern. Many of the problems noted in previous reports reappeared and the systems installed for the prevention of abuse did not seem to be adequate.

49. According to the report, only three posts within the Internal Audit Division were allocated to peace-keeping operations. Since the annual rate of expenditure on such operations exceeded \$2 billion, his delegation would like to know why the number was so small. Regarding the status of the former Director of the secretariat of the International Decade for Natural Disaster Reduction, he asked why the special arrangement indicated had been made and whether the person in question was still being paid out of the related Trust Fund. He repeated his delegation's request for a list of retired staff members employed on temporary contracts and short-term consultancies. A list of retired staff hired as consultants for a nominal fee and retaining their G.4 visas would also be appreciated.

(Mr. Michalski, United States)

50. In regard to UNITAR, his delegation would like to know why so large a sum had been authorized by the Advisory Committee, without Assembly approval, for the purchase of property. It was not aware of any debate on the matter in the Fifth Committee or of any documentation having been submitted to it explaining the specifics of the transaction.

51. Paragraphs 99 to 102 of the report on the United Nations (A/47/5, vol. I) referred to the management of the Afghanistan Emergency Trust Fund, which received contributions both in cash and in kind. He asked whether the Fund had taken into account the Board's findings, in particular the lack of an effective inventory control system. The implication was that inadequate accounting had resulted in the diversion of in-kind contributions.

52. Paragraphs 172 to 174 of the report referred to staff members with salary grades higher than post levels. He asked whether the practice referred to had been found only at Geneva, and whether the Board of Auditors had taken steps to investigate the possibility of similar arrangements at New York. His delegation would like an assurance that the practice was not common throughout the Secretariat. It would also like more information on "performance grades" and on how many such additional levels had been granted.

53. Paragraph 229 referred to the problem of non-competitive bidding. It included a statement to the effect that the Administration had been unable to give an explanation during the audit of the 28 per cent of purchase orders issued through non-competitive bidding or permitted exemptions, "owing to the relocation of the office". His delegation would like to know what relationship there could be between that relocation and the absence of documentation on over one fourth of the contracts entered into. It would also like to know what had been done about overpayments to an office supply company and whether the case had been investigated and found to be an exception or a widespread practice.

54. He turned next to the financial statements of the Tax Equalization Fund (A/47/5, vol. I, Schedule 3.2). He noted, from the statement of income and expenditure for the biennium 1990-1991, that the United States had paid in an amount of \$90,592,786, which was greater than total expenditure in that column. The balance in the Tax Equalization Fund in the United States column had thus grown to more than \$12 million. The column headed "Other Member States" showed some \$256 million as the actual staff assessment under the United Nations regular budget for the biennium 1990-1991. The credits given to other Member States on that account, however, had amounted only to some \$231 million, leaving an excess of income over expenditure amounting to some \$25 million. In the statement of assets and liabilities as at 31 December 1991 (Schedule 3.2, II), there was a surplus in the "Other Member States" column of \$16.9 million. He wondered why that surplus was so large, since very few reimbursements were made to staff members for taxes paid to States other than the United States. The Organization would appear to have retained the money for no particular purpose.

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55. On the other hand, still in the "Other Member States" column, in respect of the United Nations Mission for the Referendum in Western Sahara, income received from other Member States appeared as \$510,600 and the credits applied to other Member States for that mission appeared as \$2,088,777. His delegation would like to know the reason for that imbalance, and whether there were similar imbalances in other peace-keeping accounts.

56. He recognized that the issues to which he was drawing attention were rather technical, but recalled that his delegation had spoken in the Committee for Programme and Coordination about the real need for the Fifth Committee to understand the concept of staff assessment, how it was implemented, and how the Tax Equalization Fund operated. In the statement of assets and liabilities (Schedule 3.2 II) in the "Total" column for 1991 an amount of some \$44 million was indicated as due from the United Nations General Fund. He took it that that meant that the money had been loaned to the General Fund from the Tax Equalization Fund. If the table was correct, some \$28 million of that loan had been money contributed by the United States and some \$17 million had been lent by other Member States. His delegation could not understand how that could be the case. Since countries other than the United States did not require their nationals to pay income taxes on their United Nations salaries there was no need to maintain a balance in their account in the Tax Equalization Fund.

57. Turning to the report of the Secretary-General on measures to facilitate reporting by staff members of inappropriate uses of the resources of the Organization, internal controls relating to the payment of allowances and benefits, and efforts to recover outstanding excess income tax reimbursements (A/47/510), he said that his delegation was disappointed by the Secretary-General's response to the Assembly's request for information on the implementation of the confidential reporting system. It believed that the system could be implemented in a way that would protect the rights both of complainants and of those staff members accused of improper use of the Organization's resources. It trusted that its concerns would be taken into account as the Secretary-General developed his proposal to establish the post of Inspector-General. Despite the Secretary-General's conclusions that the established regulations and rules were adequate, the report of the Board of Auditors showed that gaps and opportunities for abuse existed.

58. For example, it was stated in paragraph 20 of the Secretary-General's report, that if a staff member failed to submit a documented request for education grant before the established deadline, the amount advanced was recovered. However, paragraph 190 of the report of the Board of Auditors indicated that many staff members failed to submit the appropriate documents. The Allowances and Benefits Unit, however, did not require compliance with the requirements or suspend the benefits of the staff members concerned. There were thus two different readings of the situation: the Administration claimed that all the regulations were implemented, while the Board of Auditors said that that was not the case. The number of irregularities could well be small,

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but until the results of an expanded audit were available there was no means of knowing how widespread they were. His delegation could not accept the notion that the shortage of money or manpower absolved the Administration from providing a full accounting. The question would seem to be more one of priorities: in the case in point, not enough money was being allocated to the Allowances and Benefits Unit to ensure that the Organization's resources were being properly used. In regard to the recovery of outstanding excess income tax reimbursements, referred to in paragraphs 30 to 32 of the Secretary-General's report, his delegation would like to know how efficient the current system of verifying the actual amount of tax paid was, and whether cases of fraud or double filing were possible. He asked how many staff had been terminated as a result of the review of income tax returns started some seven or eight years previously, and how much money had been recovered. If the information could not be provided to the Committee immediately, his delegation would like to receive it in writing as soon as possible.

59. Mr. ORR (Canada) said that by "preventive audit" his delegation had meant an internal audit that evaluated systems and practices of internal control with a view to identifying problems before they got out of hand, instead of being called in, as seemed to be the current practice, only after major problems had been identified by management or by the external auditors. In his delegation's opinion, the internal audit should be an integral part of the accountability regime and not a management consultant type of service.

60. Mr. KINCHEN (United Kingdom) said that his delegation would like further information about the verification of the explanations given for expenditure in excess of allotments or in justification of requests for additional appropriations. It would seem logical to expect more of a correlation between the location of individual Secretariat units corresponding to budget sections and the extent of cost overruns. For example, in Geneva and Vienna the effects of inflation and currency fluctuations should be the same. There seemed to be more inconsistency in the overruns than could be explained by the simple factors identified by the Secretariat. His delegation therefore invited the Secretariat and the Board of Auditors to reflect further on the question of verification.

61. His delegation had the impression that actual income consistently exceeded the budget estimates. That would not matter greatly in circumstances where the estimates of expenditure and income were rigorously prepared, fully financed in accordance with the Financial Regulations, and not subject to proposals to suspend the Financial Regulations, so that surpluses could be returned to Member States. However, in the circumstances in which the United Nations was obliged to operate, those Member States which met their obligations risked being assessed at a higher rate than they should be, if there was persistent and unexplained underestimation of income in the budget estimates. He would welcome the Administration's comments on that point.

(Mr. Kinchen, United Kingdom)

62. Lastly, he had a question in regard to the excess of receipts over expenditure shown in statement XXV of the financial statements, entitled "Special Accounts for Programme Support Costs". Given the concern that the programme support costs received from voluntary funds were already at a rate substantially lower than the full cost of the programme support provided to those extrabudgetary activities, his delegation would like an explanation of the \$9.8 million shown as a net excess of income over expenditure for 1991.

63. Mr. AL-MAKTARI (Yemen) said that when delegations asked questions they were not intending to criticize the Secretariat but simply seeking more information. The Acting Controller had indicated that the Secretariat found it difficult to monitor expenditures on a day-to-day basis. His delegation would like to know how long the problem was expected to continue, and what measures were envisaged for securing such control. In regard to the recruitment of experts and consultants, he asked how long the Organization would continue to depend on outside expertise. The United Nations was undergoing a serious financial crisis and limiting such recruitment might help to alleviate it. He asked how many experts and consultants were currently under contract. In response to questions about the absence of competitive bidding, reference had been made to cases in which the Secretary-General was exempt from that requirement, for example, medical supplies and equipment. His delegation would like a clear statement of the rules in that connection. In regard to the administration of property, his delegation would like to know the value of the expendable and non-expendable property in the possession of the United Nations.

64. Mr. PREMPEH (Chairman of the Board of Auditors) said that the Board welcomed the Committee's continuing support and was encouraged by the positive responses of the members to its work and by their constructive views and suggestions.

65. He would respond first to questions raised in regard to the United Nations Development Programme (UNDP). The delegation of the United States had questioned the payment of \$80,000 to an individual who had provided no services, as described in paragraph 173 of the Board's report (A/47/5/Add.1). He confirmed that the Board had found that particular case only and no others. Also in reply to the United States delegation, he noted that the instances in Geneva of staff members receiving salaries above the appropriate post level were the only cases found by the Board in its audit.

66. With regard to the Afghanistan Emergency Trust Fund, the Board had taken into consideration the results of the audit undertaken by the Internal Audit Division and had reviewed the steps taken to implement the audit recommendations. At the time of the audit, the Board had been satisfied with the progress made in implementing the recommendations of the Internal Audit Division. With regard to contributions in kind, no substantial diversion of income from the programmes had come to the Board's attention, due in part to the lack of an effective inventory control system and the absence of supporting documents, as discussed in paragraph 100 of the Board's report (A/45/7).

(Mr. Prempeh)

67. The Board fully shared the views expressed by the delegations of Argentina, Bangladesh, Canada, China, Japan, Pakistan, the Philippines, Sweden, Ukraine, the United States, the United Kingdom and Zambia on the need to take effective action to improve the administration of funds entrusted to the United Nations by strengthening existing procedures and systems. In particular, the Board shared the delegations' concerns regarding the serious deficiencies it had identified in the areas of programme management, use of staff resources, the payment of staff allowances and benefits, internal auditing, and procurement and property management.

68. The Board did not, however, endorse the proposal by the United States and Japan to defer approval of its report on the United Nations accounts for the biennium 1990-1991 pending the conclusion of an expanded audit for that biennium. The Board had been satisfied with the extent of the audit coverage and had had full access to all the information and records needed to complete its work. As a result, it had been able to form an opinion on the financial statements of the United Nations. The Board felt there was no need to re-examine the 1990-1991 accounts when it could cover areas of specific concern to the General Assembly in its audit programme for the first half of 1993. Those results could be provided in a special report to the forty-eighth session of the General Assembly, as envisaged in paragraph 7 of General Assembly resolution 46/183.

69. Speaking on behalf of the Nordic countries, the representative of Sweden had emphasized the importance of paragraph 6 of General Assembly resolution 46/183, in which the Board had been encouraged to carry out its audits in a comprehensive manner. In that connection, the Board wished to assure the Committee that in addition to carrying out financial audits, it performed a comprehensive examination of records and systems to be certain that funds were spent with due regard to economy, efficiency and effectiveness. The results of that examination were provided in part II of its report on management issues.

70. The Nordic countries believed that the auditing standards of the International Organization of Supreme Audit Institutions (INTOSAI) should be adopted by the United Nations, that is, the external auditors of the United Nations system. In that connection, he noted that the Board must conduct its audits in accordance with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency (IAEA), of which the Board was a member. The Panel of External Auditors also kept abreast of the international auditing guidelines issued by the International Auditing Practices Committee of the International Federation of Accountants (IFAC). Moreover, at its thirty-third regular session in 1992, the Panel had commissioned its Technical Group to review its common auditing standards to ensure that they were fully consistent with the standards adopted by INTOSAI at its congress in Washington, D.C., held the week of 19 October 1992.

(Mr. Prempeh)

71. The Board had taken note of the Canadian delegation's concerns. It was pleased to report that, at the request of the Panel of External Auditors, the Administrative Committee on Coordination (ACC) had taken steps to develop a set of common accounting standards, to be applied throughout the United Nations system. A draft of those standards had been submitted to the Panel for consideration at its forthcoming session in November 1992. It was expected that a final document would be presented by the Secretary-General, on behalf of ACC, to the General Assembly at its forty-eighth session.

72. In response to the concerns of a number of delegations, he wished to clarify the Board's view regarding the internal audit units within the United Nations system. The function of the internal audit unit was to provide an independent appraisal within the organization concerned; it operated as a service to management by measuring and evaluating the effectiveness of internal control systems. It was the responsibility of the Administration to manage: to work effectively, the Secretary-General and his senior officials had to have the services of a strong internal audit unit. In the view of the Board, the internal audit unit was entitled to report in confidence to the Administration so that it could take necessary action. It was not appropriate for internal audit reports to be provided to offices outside the management level. The Board acknowledged the support offered by many delegations for its recommendations to strengthen the internal audit function.

73. One of the responsibilities of the external auditors was to report on internal controls, including internal auditing, to the General Assembly. The Board would continue to report on the implementation of its recommendations until the Internal Audit Division was brought up to acceptable standards.

74. Two delegations had requested that the Board should make available to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) the findings contained in its management letters. While willing to comply with any such request from the General Assembly, the Board felt that it might complicate and delay its work. In the Board's view, those letters were part of a dialogue between the Board and senior management for the purpose of confirming facts and assisting the Board in forming audit judgements. The management letters would be of no practical value to ACABQ because their contents had not been confirmed. The Board's reports to the General Assembly represented the most reliable source of information and contained the Board's considered judgements.

75. Regarding the proposal by the delegation of Japan to suspend the biennial reporting procedure, he pointed out that the issue was addressed in paragraph 7 of General Assembly resolution 46/183, which invited the Board to continue the practice of issuing a special report for United Nations organizations audited on a biennial basis during the first year of each biennium.

(Mr. Prempeh)

76. The representative of the United Kingdom, speaking on behalf of the European Community, had said that the Twelve would welcome shorter reports from the Board so that the issues raised could receive the necessary attention. He wished to assure the Committee that the Board would take the appropriate measures to condense its reports as much as possible, without sacrificing the substance of the audit results.

77. The Board wished to express its appreciation for the continued support from the Fifth Committee and the Chairman and members of ACABQ. The Board would carefully consider all other issues discussed in the Fifth Committee aimed at improving accountability, economy, efficiency and effectiveness in the expanding operations of the United Nations organizations.

78. The CHAIRMAN informed the Committee that, with the agreement of the Bureau, he had appointed Mr. Jorge Osella, the Committee's Rapporteur, to coordinate informal consultations on item 102.

The meeting rose at 6.35 p.m.